

NATION'S BUSINESS



SEPTEMBER • 1934

Let's Revive Construction!

By Housing Administrator Moffett

Why America is America

The incident of a banker who was
burned down—but not out

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON



OFFICES IN 106 CITIES

Illinois	New York
Alton	Albany
Aurora	Binghamton
Bloomington	Brooklyn
Champaign	Buffalo
Chicago	Flushing
Cicero	Fordham
Decatur	Hempstead
Freeport	Jamaica
Galesburg	Lockport
Joliet	New York
Moline	Niagara Falls
Oak Park	Rochester
Peoria	Syracuse
Rockford	Utica
Springfield	Yonkers
Waukegan	
Indiana	Ohio
East Chicago	Canton
Evansville	Cincinnati
Gary	Columbus
Hammond	Dayton
Indianapolis	Springfield
Michigan City	Steubenville
South Bend	Toledo
	Warren
	Youngstown
Iowa	Pennsylvania
Davenport	Allentown
Des Moines	Altoona
	Chester
	Easton
	Erie
	Johnstown
	Lancaster
	McKeesport
	New Castle
	Norristown
	Philadelphia
	Pittsburgh
	Reading
	Seranton
	Wilkes-Barre
	York
Maryland	Rhode Island
Baltimore	Pawtucket
	Providence
Massachusetts	Wisconsin
Boston	Appleton
Springfield	Beloit
Worcester	Eau Claire
	Fond du Lac
	Green Bay
	Kenosha
	La Crosse
	Madison
	Milwaukee
	Oshkosh
	Racine
	Sheboygan
	Superior
	Wausau
Michigan	Missouri
Battle Creek	Kansas City
Bay City	St. Joseph
Detroit	St. Louis
Flint	
Grand Rapids	
Highland Park	
Jackson	
Kalamazoo	
Lansing	
Muskegon	
Port Huron	
Saginaw	
New Jersey	
Camden	
Jersey City	
Newark	
Orange	
Paterson	
Trenton	

WHEN A MAN SEEKS A BOSS'S ADVICE ABOUT MONEY

EMPLOYERS know that the competent employee is clear-minded and without the worry of financial obligations. When a debt-harassed worker asks about money many employers recommend the Household Plan. This Plan gives the worker a chance to reorganize his finances on a simple straightforward businesslike basis.

Household Loans of \$30 to \$300 are made to families at the lowest possible price for "money at retail." Often Household's charge is lower than the maximum permitted by State Small Loan Laws.

The resources of this company are available to the wage earner in the

same way the banker serves the business man! One very sensible arrangement is the aid given in budgeting income. This helps the borrower straighten out his finances so he can reduce the loan with regular monthly payments and have enough left for necessary living expenses.

The Household Loan Plan provides this helpful service in 106 cities and surrounding communities. Its value to your employees has been carefully explained in a booklet which we will gladly send at your request. You may have a supply of these booklets if you wish to pass them on to worthy employees.

HOUSEHOLD

FINANCE CORPORATION

AND SUBSIDIARIES—56th Year of Service

Headquarters: 919 North Michigan Avenue, Chicago

ABOUT THE COST • Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit "retailing" money to families on the signatures of husband and wife alone at rates lower than the $2\frac{1}{4}\%$ to $3\frac{1}{4}\%$ a month now charged on unpaid balances, Household will be found using those methods.



RECOVERY REPORTS ON AMERICAN BUSINESS



"Office Lithography

HAS SAVED A LOT OF MONEY FOR US"

SIMPLIFIED office lithography . . . the sensational new process which makes it possible for you to produce your own lithographed material . . . in colors if desired . . . right in your own offices! Multilith . . . the result of years of research and development . . . enables you to turn out lithographic printing of *finest quality* . . . with *layman operators* . . . at low costs never before possible.

It is the simplest process of its kind ever devised . . . even persons with no previous experience can learn to operate it with surprising ease and speed.

Multilith opens an entirely new field of possibilities in the production—*within your own business*—of highly attractive letterheads, catalog pages, bulletins, booklets, business forms, advertising and

sales promotion literature of all kinds. With Multilith you can not only add to the appearance of your printed matter, but can make a big savings in production costs. A few of the other advantages of this remarkable new process are shown at the right. As you read them over, consider how your own business can profit by using the Multilith method. The Multigraph representative in your vicinity will gladly show you samples of Multilith work and give you full information without obligation. Consult your phone book, or write to

MULTIGRAPH COMPANY

Division of
Addressograph-Multigraph Corporation
Cleveland, Ohio

OFFICES IN ALL PRINCIPAL CITIES OF THE WORLD

Multigraph

TRADE MARK

Multiple Typewriting and Office Printing



A FEW OF MULTILITH'S MANY ADVANTAGES:

1. Fast, easy, economical production of offset (lithographed) printing.
2. Reduction of typesetting costs due to ability to use type-written, written or drawn copy applied directly on plate.
3. Much lower cost of Multilith plates containing photographic or line illustrations, or hand-set type.
4. Ability to draw maps, charts, or complicated ruled forms directly on plate.
5. Multilith impressions can easily be produced on papers of varied and unusual finishes.
6. Reproduction of existing printing can be done at low cost.
7. Multilith plates can be prepared in minutes instead of hours, and occupy little storage space.
8. Plates can be repeatedly used, and are easily preserved and stored.

Multilith is a Multigraph product . . . and is based on 30 years' experience in designing and building office duplicating and printing equipment. There are more than 55 models in the Multigraph line, including office folding machines and office typesetting machines. Prices as low as \$145.00.

Only a Ninety Dollar Safe . . .



— but the first strong box
of what is now

a billion dollar estate

SEVENTY-FIVE years ago, the trustees of what is now one of the world's largest life insurance companies met to consider the purchase of a ninety-dollar safe. They decided to buy it. It proved to be large enough to hold the assets and records of the Company for some years.

Today, more than half a million Americans are banded together in that company, the Northwestern Mutual, for the financial security of themselves and their families. Its assets, as reported to state insurance departments, total a billion dollars—a great estate administered for mutual welfare and protection.

Through good times and bad, the

Northwestern Mutual has been a dependable haven of financial refuge for its policyholders—in many instances, their only hope. Use its great strength to protect yourself and your family. Insure a dependable income for your own less active years—and financial protection for your wife and children.

Ask the Northwestern Mutual Agent in your community to tell you about Northwestern Mutual service. He can assist you greatly in your financing for the future. Or mail us the coupon below, today, for a copy of the booklet, "Your Part of a Billion Dollar Estate."



The **NORTHWESTERN MUTUAL**

LIFE INSURANCE COMPANY *Milwaukee, Wisconsin*

Without obligation, please send me the booklet
"Your Part of a Billion Dollar Estate"

Name..... Age.....

Address..... NB-9-34

NATION'S BUSINESS for September • 1934

Volume 22



Number 9

	PAGE
Through the Editor's Specs.....	7
The Business of Life <i>Merle Thorpe</i>	13
Let's Revive Construction! <i>James A. Moffett</i>	15
How Business Views Housing <i>Homer Gard</i>	18
Why America Is America <i>Neil McC. Clark</i>	19
Watching Washington <i>Frederick Shelton</i>	21
Making Dishonesty Too Expensive <i>Henry H. Heimann</i>	24
The Future of NRA <i>Henry I. Harriman</i>	27
Government's Grasp on Banking <i>Arthur Crawford</i>	30
Australia Tried Doing Away with Profits <i>Herbert Corey</i>	37
The Map of the Nation's Business <i>Frank Greene</i>	46
Some of Those Who Will Make New Laws Effective.....	48
No Business Can Escape Change.....	50
New Ideas in Selling.....	62
What Bankers and Investors Discuss.....	69

CHAMBER OF COMMERCE OF THE UNITED STATES

MERLE THORPE, Editor and Publisher

Managing Editor, WARREN BISHOP
Associate Editor, RAYMOND C. WILLOUGHBY



Business Manager, J. B. WYCKOFF
Director of Advertising, E. V. THOMPSON
Circulation Manager, LAWRENCE F. HURLEY

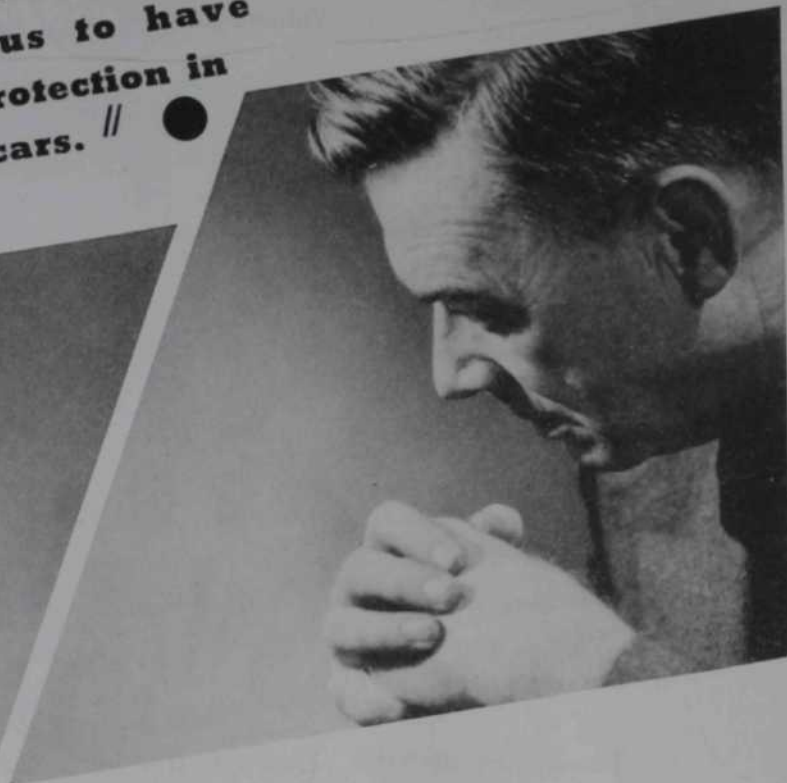
GENERAL OFFICE—Washington, United States Chamber of Commerce Building.

BRANCH OFFICES—New York, Graybar Bldg. San Francisco, Merchants Exchange Building. Dallas, 1101 Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building.

As the official magazine of the Chamber of Commerce of

the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers. SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00. Canada: Three years, \$9.00; one year, \$3.50. Please notify us promptly of change of address—Nation's Business, Washington, D. C.

“Many automobile manufacturers have announced **NEW LOW PRICES** on **SAFETY GLASS ALL-AROUND**. That makes it possible for us to have this greater protection in all our new cars. // ●



● “**THAT'S GOOD NEWS.** Safety Glass All-Around is a fine thing for

our salesmen and will reduce lost-time motor accidents, because a car is no safer than the glass in its windows. Furthermore, it will protect our fleet investment against the day when all cars will have it, and those without Safety Glass in the windows will suffer in the used car market. When you order new cars, make sure you specify



LIBBEY · OWENS · FORD
SAFETY GLASS *all-around*”

The Busy Man Looks at Steel

The Eyes Have It

PITTSBURGH concedes a trick to New York on Radio City, but trumps Rockefeller Foundation with the rapidly-growing Medical Center just off the Pitt Campus. Montefiore Hospital, Falk Clinic, and the Children's Hospital—first-comers to the Center—recently yielded the limelight to the imposing new ten-story building of the Eye, Ear, Nose & Throat Hospital. "And this," say loyal Pittsburghers "is only the beginning."

Be that as it may, the newcomer to Medical Center is a marvel of modernity and quiet, clock-like efficiency. Nor were the hospital authorities any less progressive in their choice of equipment. All food handling and serving equipment, hospital utensils, and surgical equipment from operating tables to hypodermic needles have been made of ALLEGHENY METAL—permanently bright and shining—so easy to clean and keep clean.

NOT The Bridge of Sighs

AT LEAST, a paved street—not a gondola-laden stream—runs beneath the overhead pedestrian bridge in the heart of downtown Chicago, connecting the Daily News Building with the Chicago Northwestern Terminal. It's not one of the world's wonders, but it does mark the first outdoor application of ALLEGHENY METAL, and six years of constant exposure to sun, rain and corrosive city smoke have been powerless to affect its smooth, impervious surface.

Only a simple annual cleaning to remove deposits of dust and grime is required to restore the original lustrous sheen of the stainless steel. Again the judgment of the pioneer is vindicated!

.....

ALLEGHENY METAL—the time-tested stainless steel of universal application—is manufactured by the ALLEGHENY STEEL Company, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc. Warehouses, by Dunham, Carrigan and Hayden Co., San Francisco, and by Union Hardware and Metal Co., Los Angeles. ALLEGHENY METAL is manufactured pursuant to license from the Chemical Foundation, Inc., under basic patents No. 1,316,817 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

A problem of proportion

COMMENTING on our comment last month that "Muck Will Not Do For Mortar," a reader quotes A. W. Robertson, president of the Westinghouse Electric and Manufacturing Company, to the effect that:

In the Bible we are told that Jehovah said unto Abraham that, if there were ten righteous men in the cities of Sodom and Gomorrah, he would save those cities. The world seems to have reversed this judgment, and to a certain extent has decided that, if ten unrighteous men can be found in the business world, it will be destroyed. Verily, there is a difference between God's judgment and man's.

A new sort of power trust?

THAT two able constitutional lawyers should arrive at some unanimity of opinion on the great issues of the day might occasion no surprise.

Yet the fact that Elihu Root and John W. Davis, men of different party faiths, are disturbed by the dangers of continuing the emergency powers of Government as a permanent accession to authority is attributable to more than a professional sensitivity to questionings of free government.

In a foreword to a collection of Alexander Hamilton's papers published by the Columbia University Press, Mr. Root says:

It has now become evident that there will be a strong effort both in and out of office to continue beyond the period of the emergency and make permanent some broad powers of government which have been exercised heretofore upon no claim of justification except as temporary expedients to meet the emergency.

Many of these powers affect materially the scope of individual liberty, especially in business, the obligation of contracts, and the security of property, as well against government as against other individuals. The question whether the American people are willing to include in their permanent system a grant of such powers and to subject themselves permanently to such government control has never been really considered or discussed.

Before the members of the Institute of Public Affairs at the University of Virginia, Mr. Davis also warned against the kind of planning

which would project the expedient into the permanent. He said:

Let a planned economy come if it must, but remember that it does not spring like Minerva full armed from the brain of Jove. It must be set up and operated by human hands and by the same sort of men, and no others, whose striving under individualism, as it is alleged, has proven so disastrous. Where is sufficient wisdom to be found? Who will go bond that such vast power will be sanely used? It is said that those in charge of the machine will at least be inclined to follow patriotic lines, unmoved by the sordid desire for gain. They will be free forsooth from the "profit motive," and greed will no longer be an enemy to the general good. There is something in this, perhaps, but there remains a kind of greed that tempts men to do stranger things than does even the love of money, the traditional root of all evil. It is the lust for power, for popularity, for fame. Any candid observer of public affairs can testify to the corrosive power of this morbid appetite.

To get office, to hold office, to reap partisan advantage, to win applause, to please the multitude, to magnify one's importance: to gain these ends, all other profit aside, acts are committed each rising day that the actor would turn away from in disgust if money were his only aim.

It ought to be clear that the great constitutional questions raised by the recovery program transcend party platforms and party affiliations. A much larger issue must be weighed than the fate of parties. The fate of the people themselves is put in the balance by the idea of continuing emergency grants of official power, for the proposal, as Mr. Root believes, "appears to involve an abandonment of limitations . . . which, rightly or wrongly, we have considered essential to our free government."

The unseen toll of bureaucracy

ADD to the evils of bureaucracy:

The money cost is the least cost to society. Bureaucracy takes a toll today of 20 to 30 cents out of each dollar citizens earn. But the greater cost is the cost of energy, the enormous amount of time required to keep abreast of the multitudinous and multifarious rules and regulations, questionnaires and hearings, made possible by the expenditure of reve-



PHOTO BY ETHEL STOCKS

THE GEORGE WASHINGTON • THE SPORTSMAN • THE F. F. V.

*The Finest Fleet of Air-Conditioned Trains in the World***CHESAPEAKE and OHIO**

The ticket agent of any railroad can route you on the Chesapeake and Ohio. Insist upon it!

nue collected from the productive citizen.

The plight of industry unduly bureaucratized is symbolized by a man diligently sawing logs. An official appears and demands a quarter of his earnings. That is bad enough, but when the official sticks around and jiggles the log, the public service is in a way of becoming a public nuisance.

Number Two: the Congress occasionally cuts an appropriation for a bureau or commission. The pressure of those to be let out is tremendous. When such commission is granted authority to start an investigation and charge the expense to the industry investigated—an actual situation—the temptation is great to investigate and retain the personnel. Two evils here, obviously.

A boat easily rocked

BUSINESS is a delicate thing. Touch one industry in one point and there's a reflex action in a hundred other industries.

Coconut oil doesn't bother most of us. It goes, we know, into soaps and into some food products such as oleomargarines. Copra suggests to us Pacific islands and palm trees and beach combers.

But the Government puts a tax on coconut oil and the repercussions are nationwide. The dairy people were its strongest advocates. The cottonseed oil people were affected. The packers weren't greatly concerned. They use animal and vegetable fats of about every kind and they figured that if they were hit in one way they'd be helped in another.

The soap folks had a lot to say. The new levy they declared meant an increase of 25 per cent in the cost of soap and the tariff was only 15 per cent and they couldn't compete. Some of the great soap-making firms have Canadian plants. "Wouldn't it be feasible," they argued, "to increase our Canadian plants and output and import our soaps from Canada, paying the tariff? Or should we ask for compensatory increase in the tariff on imported soaps and fight the battle along those lines?"

Either would mean an increase in prices on soap and in some cases such an increase might be fatal. A packer said to me:

"We're soap makers, too. We have one brand of toilet soap in which we use coconut oil. It was priced at five cents a cake and was doing very well. But if we have to raise it to 7½ cents it may kill its sale and cost us all we've put into advertising and promotion."

But soap isn't all that's worried by the new tax. Copra and coconut oil

have been a mainstay of our Pacific Coast shipping. They form a large part of return cargo and a ship that goes out laden and comes back empty doesn't please a shipowner.

And if he's forced to raise out-bound freights, many things are thrown out of balance.

Do you wonder that business sometimes prays, "Let us alone at least until we can get adjusted to present conditions."

One man's relief, another man's ruin

TO mention the packing industry. What are processing taxes and drought doing to it and to hundreds of other industries?

For one thing drought and drought relief are sending great quantities of poorly fed cattle on the market, while the amount of well-fed high grade is shrinking. The result is that beef of the best quality goes up in price while beef of the poorest quality goes still further down. The packer is happiest when the margin between the best and the poorest grades is small and steady.

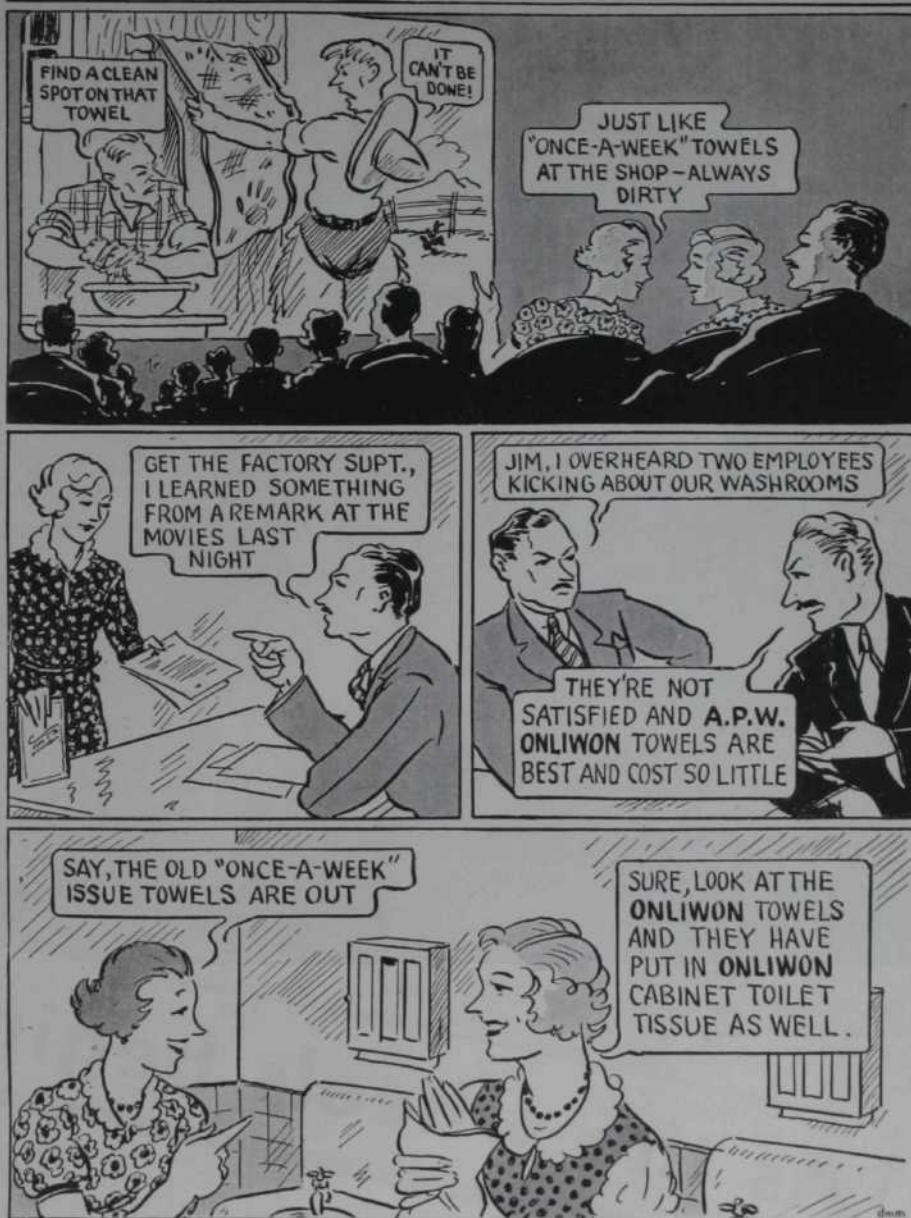
These poorly fed cattle have poor hides and the hide market is loaded down with poor hides and under-supplied with hides of the highest grade. In this case, the poor hides drag down the price of the better grades. The manufacturer who uses leather and who thought he was forehanded in laying in a stock of his raw material finds himself now wondering if he were wise, wondering if prices are going lower and in general what will become of him. So the well-meant efforts of the Government to relieve the drought-stricken farmer of the Northwest may bring to the verge of ruin a shoe manufacturer on the Atlantic Coast.

Who constitute the "needy"?

To try to do good in a wrong way in matters economic is one of the surest ways to do harm. Our most generous sympathies and our selfish prejudices often blind us to realities.—Quoted from a New Dealer by Mark Sullivan.

IN considering the well-intentioned plans for giving every one a higher standard of living, even the most sympathetic must face certain facts. It would be a grave error to proceed from the premise that every citizen has a right to receive from society something above a bare living. It is said there are from six to eight millions of our citizens who receive less than \$1,000 a year. The plea is to raise this income. We picture this eight million as made up of men who are eager to work, have the ability to work, are capable of producing something more than sufficient food,

"ONCE-A-WEEK" TOWELS FAIL AGAIN!



Perhaps it is an improvement on the old common roller towel to issue cloth towels to each employee once a week. But it's an improvement in name rather than in fact, for Monday morning whiteness is a thing of the past long before the whistle blows Saturday.

A.P.W. Onliwon Towels in washrooms are a simple, common-sense departure from grimy, disease-spreading cloth towels. These large, double-folded towels do a thorough drying job. Usually a single one will suffice. They are pure and safe when they leave the mill and kept so up to the moment of use by the neat, fool-proof Onliwon Cabinets that dispense a single towel at a time. And this

"one-at-a-time" feature is one that makes for genuine economy—besides helping keep washrooms neat and tidy.

And don't confuse Onliwon with the general run of paper towels. These are the towels you'll find in hospitals, schools, exclusive clubs, and the better hotels throughout the country. They are soft and pleasant to use. People like them!

Make your plant or building a healthier, pleasanter place to work in. Install Onliwon Towels in all your washrooms—and make it a complete job by installing A.P.W. Onliwon Tissue in Onliwon Cabinets as well.

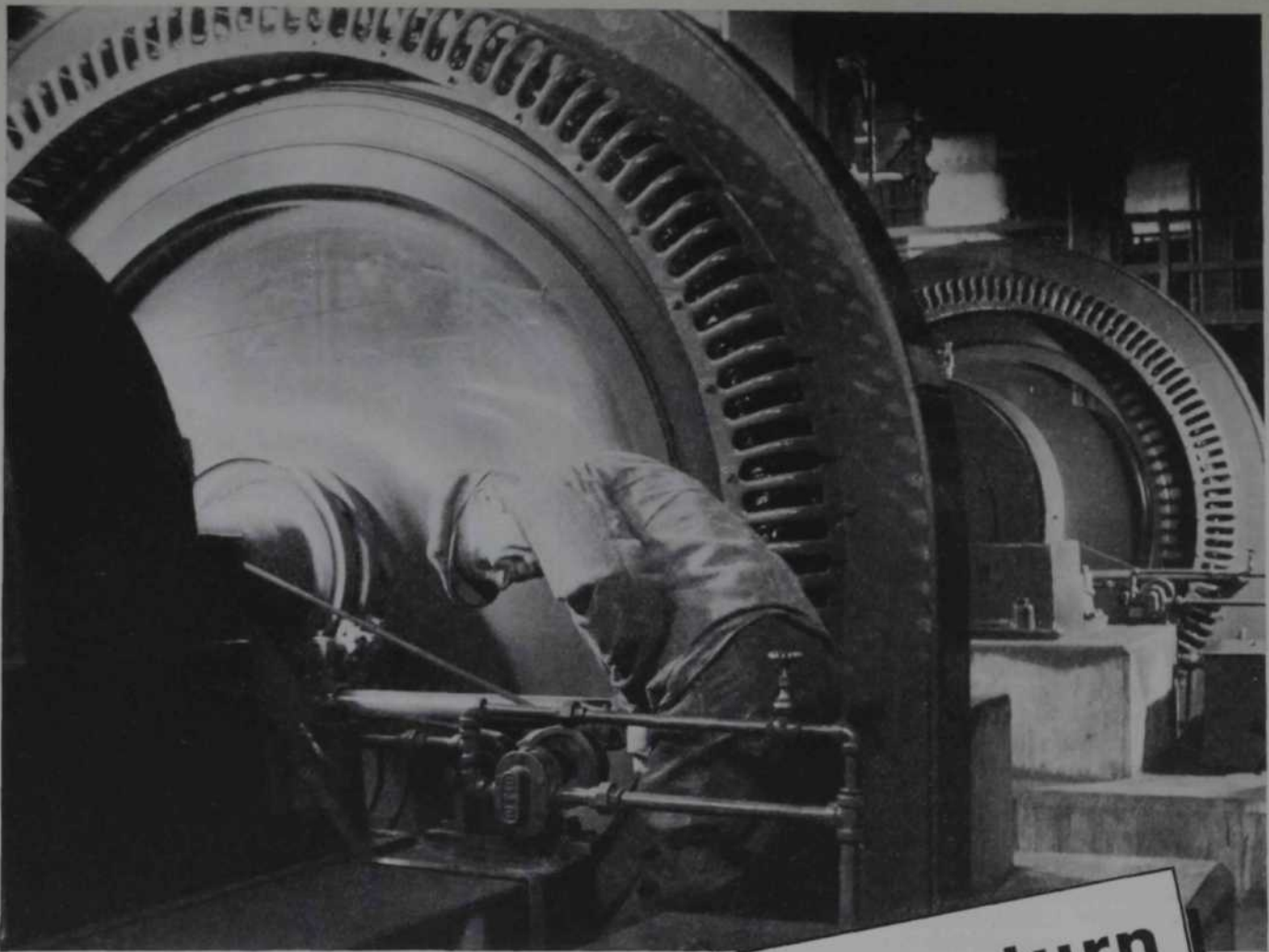
A.P.W.

ONLIWON SANITARY WASHROOM SERVICE

A.P.W. Paper Co., Albany, N. Y.

Representatives in leading cities.





A Hartford Steam Boiler inspector checking an insured compressor.

As the wheels begin to turn

90% of the power boilers built for America's industrial plants are inspected during construction by Hartford Steam Boiler, whose stamp of approval is the famous "HSB" hammered into the metal.

HSB
8652

Now that the sound of the dynamo is heard through the land, manufacturers are making sure that power equipment is ready for the welcome burden imposed upon it. Too much is at stake to jeopardize profits by unforeseen plant shut-downs. Yet breakdowns and shut-downs there will certainly be, if defects in the power machines on which all other machines depend are not found and corrected before they lead to accidents.

Hundreds of Hartford Steam Boiler Inspection and Insurance Company inspectors, on their daily rounds, can and do uncover defects in power equipment which

might mean thousands of dollars lost through property damage and hampered production. The eccentric movement of a 30-ton flywheel, a new-born fissure in a boiler seam, the hair-line crack in a drum-head flange . . . these are some of the danger signals seen and heeded by men whose business it is to protect industries protected by Hartford Steam Boiler.

To maintain the effectiveness of this work, the Company constantly gives its field men the newest findings from the experiences and research of its directing engineers, who are recognized throughout the country as high authorities on the

construction and safe operation of all power equipment.

Engineering insurance, as interpreted by Hartford Steam Boiler, covers loss from explosions of boilers and pressure vessels, and the breakdown of engines, turbines, and electrical and refrigerating equipment. When desired, insurance may be placed against indirect losses, sustained through stoppage of income or spoilage of materials due to such interruptions.

This is the oldest purely engineering insurance company in the country, and the largest anywhere. Agents and brokers will be glad to discuss plans and policies.

■ ■ THE HARTFORD STEAM BOILER ■ ■
INSPECTION AND INSURANCE COMPANY

HARTFORD • CONNECTICUT

shelter and clothing, and who have the will power to carry through a daily stint of productive labor. This ideal moves us deeply. But is it typical of the eight million?

We know of an organized group of hoboes, who refuse to do a stroke of work, and glory in their position. Then, there are the physically and mentally incapacitated, who should be taken care of by society, the quantity and quality of such relief to be carefully considered. But beyond this is a great number of men created in the image of God, who lack the will to produce more than barely enough to sustain life; the inefficient, through no fault of their own, who lack the will to carry on and through, those who need minute supervision of the most humble task; the shiftless, the thriftless, the economic moron who wastes because it is his nature to waste.

Until this group, for whom our sympathies and sentiment are aroused, is identified and classified, there can be no form of public aid either as to security against unemployment, or sickness, or old age, without an unjust and an unfair burden upon the energies of those who have the mind and the spirit to make their way and pay their way in the world.

We need to know more about the "intentional pauper" and the "unintentional pauper," as Owen D. Young said when addressing the Southern Conference on Human Relations in Industry. To learn how to recognize accidental destitution apart from congenital indigency is a job which society can no longer postpone on the ground of difficulty.

In approaching the social problem, the country will do well to distinguish among sentiment, sentimentality and common sense.

A little thinking is a dangerous thing

JOHN ERSKINE, the author of "Adam and Eve," essays to discuss in a Sunday syndicated article: "Are we thinking more than before? Are Professors making a more profound government?"

He concludes that most of us are unwilling to think and have an emotional approach to that exercise when it is forced upon us. He suggests that the main starting point for all thinking on economic matters should proceed from this defect of our economic system, namely, that if a company makes unusual profits, instead of distributing them to the furnishers of capital or to management, such extra profits should be turned over to labor and the public. He states that capital should be content with one rate of interest at all

times. But, he says, such a suggestion brings growls from capital and "proves you a wild man, a Bolshevik, a professor. Your friends stop you in the street. What will become of the class who are living on their investments? You are no better than a robber!"

Mr. Erskine, however, fails to carry through. What should be the fixed income of capital? Over a 30-year period capital has earned in the United States only between three and one-half and four per cent. If I have invested my savings, say, in three companies—A, B and C, and A company is fortunate enough to earn eight per cent on my thousand dollars, should I give four per cent, say, of that to labor and the public? But companies B and C make no profit. Should labor return from its wages, and an assessment be made on the public sufficient to make up a sum which would pay me four per cent on that investment? Otherwise my savings would return me only one and two-thirds per cent, and even Mr. Erskine, I am sure, would admit that the incentive, with risks and hazards considered, would not be sufficient for an investor to turn over his savings to creative enterprise. And such creative enterprise, which provides continuous employment, would languish.

Perhaps it would be just as well for the people, as Mr. Erskine says, not to think, as it would be for them to think along such faulty and adolescent lines as Mr. Erskine suggests.

The mainsprings of business

"BUSINESS is done on enthusiasm, on hope, animation and good cheer. When you repress men, suppress them, destroy their freedom of initiative, then business languishes. It is just as wrong to kill freedom of business as it is to kill political freedom or mental freedom. Granting that big business must receive a certain amount of supervision, yet this supervision must be the work of economists, of businessmen, of workmen, of men who know just how long it takes to earn a dollar with their own hands; for before a man can intelligently supervise he must have worked at the thing he is supervising. To have the business of the world supervised by the demagogue and politician would be like putting a man in to lead the orchestra who had no technical knowledge of music. The domination of business by theorists will eventually destroy the business fabric, kill initiative, stop production, throttle organization, and put a quietus on commercial evolution. And without commercial evolution there will be no civilization. . . ."—ELBERT HUBBARD, 1914.

Seiberling's problem of invoice writing was solved

by STANDARD'S Registrator and Kant-Slip forms



"We ordered Kant-Slip forms with the Registrator platen," Seiberling Rubber Company writes, "as soon as you placed them on the market several years ago. We had previously been using ordinary continuous forms for our invoices and found it almost impossible to keep all copies in proper alignment."

"Our routine requires removing one copy from the set for the shipping department and replacing all other copies in the machine later to complete the invoice."

"The ease of re-inserting copies of Kant-Slip forms in the machine and of making additional entries which appear absolutely uniform on all copies has speeded up our work. We have been pleased with your service. We have not seen any other invoicing arrangement which would give the same results."

What is your problem? The Registrator Method has solved many difficult ones... on typewriters, billing and tabulating machines, and teletypewriters. Write us for complete information.

BUSINESS MACHINES FORMS DIVISION

THE
STANDARD REGISTER
COMPANY

DAYTON, OHIO

Use margin below for coupon—write name, company and address; and mail.

The Lesson is Hard, but the reward is sure



THERE are certain homely rules of progress which stand as steadfastly true today as they have at any time in the history of American commerce.

One of these is that the soundest investment any company can make is in the quality of its product.

Another is, that the first valid claim of a man, a business or a product upon success is to deserve it.

These rules may not seem to furnish an inspiring battle cry for the impatient or weak-hearted. They may be slow in operation, but they are sure.

How sure, you can know from the welcome accorded by an enthusiastic public to Goodyear's most recent tire development, the "G-3" All-Weather.

Instead of worrying and waiting during the past three or four years of diminished opportunity,

OUR CREED

"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm of competition."

Goodyear not only continued its program of development and betterment—but deliberately increased it.

Steadily, year by year, there issued from the Goodyear laboratories and factories, an increasing flow of products meeting new needs, or serving old ones better.

In the forefront of this brilliant array stands the new "G-3" All-Weather, which has written its record of success in the books of thirty-thousand Goodyear dealers, as well as the Airwheel*, which has so accurately met a

new motoring need that Goodyear is manufacturing five times as many as are all other makers of super-soft tires combined.

P. W. Hitchfield
PRESIDENT,

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

*AIRWHEEL is Goodyear's trade-mark, registered in the U.S.A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL Tires

THE GREATEST NAME

IN RUBBER

GOOD YEAR



NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

The Business of Life

THIRTY-FIVE years ago in Chicago Theodore Roosevelt defined his way of life to members of the Hamilton Club. He said:

I wish to preach not the doctrine of ignoble ease, but the doctrine of the strenuous life.

To-day, selfhood seems more honored in the breach than in the observance. Much of the praise of collectivism springs from the ignoble desire for a slavish security without the rigors of struggle. This soul-sickness includes all classes, high and low. The manager of a great business is eager for anything which will insure continuance of his enterprise and his position, with less annoying competition; the workman wants some one else to secure his job and to be taken care of in sickness and old age. Each seems ready to sign a blank check in payment. Yet adventuring and chance-taking on the part of the individual are as necessary to progress and well-being as when Shakespeare declared:

And you all know security
Is mortal's chiefest enemy.

The responsibility and enthusiasm of the single human is the most important business in the world. It concerns every man, woman and child. It is the material of which vital statistics are made. It is the essence of national entity. It is the *sine qua non*, the "indispensable" of the United States of America.

One need only look about to perceive how skill in mastering the daily affairs of life invites a universal interest. Consider the Dionne quintuplets. At the age of seven and a half weeks they are prodigies. On July 18 these five little Canadians established five records, unequalled, so far as is known, in human history. They had lived 51 days. They were doing the immediate job before them with thorough competence, devotion and success. Why is the world eager to know about the Dionne children? Because they symbolize the great struggle of humanity for life. The brief accounts of their few activities stand out of the daily mass of printed matter, as a famous newspaper has said, the most interesting continued story of them all.

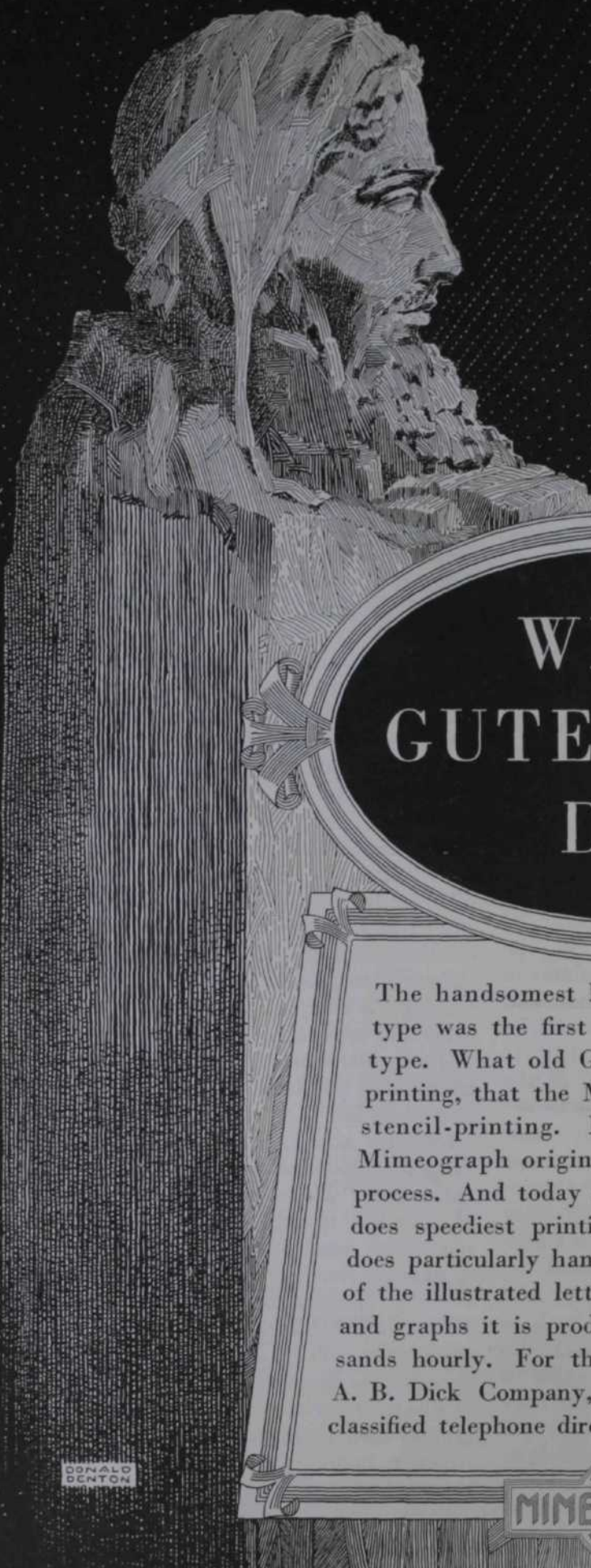
This object lesson in miniature has its counter-

parts no less credible. The Associated Press reports that the ties that bind farmers to drought-scorched land of the western plains are proving too strong for the FERA to break. Though suffering extreme hardship, all except a few are declining the Government's offers of assistance in moving to other lands. The spell of the familiar homestead is strong upon them. They are descendants of the pioneers who braved the rigors of the West to settle it. They cling desperately and resourcefully to their own way of life.

Each day brings us more and more pretentious admonitions for conduct. Yet mentors propose, and the individual still disposes. The San Franciscan demonstrated that. He abhorred the paralysis of his city by strike, as he once did by quake and fire. He resolved to go on with the business of living. He trudged miles to work. He rode a bicycle. He skated. He hitch-hiked. He carried lunch from the family larder. He fought off noonday hunger with a bag of peanuts. He stayed at a hotel overnight to be on the job on time next morning. Nothing could lick a citizenry so determined to keep the wheels turning, to carry on a great tradition of civic pride and productivity.

These disconnected conquests illustrate the triumphant zest for living and doing, for getting on and up in the world. "Only those tasks seem intolerably heavy," said a successful physician, "which are conducted without hope or without enthusiasm." Reduce life to a sanctioned pattern of effortless tenure, of soft security, and the powers of mind and spirit become atrophied. A passive receptivity to life's blessings is not enough. The business of living requires opportunity for enthusiasm, for responsibility, yes, for tension. They are tonic forces. They are necessary to any satisfying translation of national ideals. They constitute the sustaining background to a useful as well as a contented life. America cannot, and ought not, do without them.

Merce Thompson



WHAT GUTENBERG DID

The handsomest book ever printed from type was the first book ever printed from type. What old Gutenberg did for type-printing, that the Mimeograph has done for stencil-printing. Printing from stencils! Mimeograph originated and developed the process. And today the Mimeograph not only does speediest printing, at small cost, but it does particularly handsome printing. See some of the illustrated letters, bulletins, forms, charts and graphs it is producing today, by the thousands hourly. For the latest information, write A. B. Dick Company, Chicago, or refer to your classified telephone directory for the local address.

DONALD
DENTON

EDISON-DICK
MIMEOGRAPH
REG. U.S. PAT. OFF.

September • 1934



Let's Revive Construction!

By JAMES A. MOFFETT

Federal Housing Administrator



FOR NATION'S BUSINESS BY LOHR

James A. Moffett as Federal Housing Administrator has assumed one of the biggest jobs in the New Deal. He brings to his post an extensive and highly successful business experience and a reputation as an executive who can get things done. Born in Parkersburg, West Virginia, 48 years ago, his family's wealth (his father was a Rockefeller partner) in no whit dulled his initiative and enterprise. After Princeton he followed his father into the oil business, earned a reputation as an authority on the subject and, successively, the executive vice-presidency of the Standard Oil Company of New Jersey and vice-presidency of the Standard Oil Company of California. An ardent New Dealer, he has resigned from his company affiliations in order to contribute his whole time and energies to this public service

THE fundamental purpose of the National Housing Act, which President Roosevelt has chosen me to administer, has been stated by the President himself in these words:

We seek the security of the men, women and children of the nation. That security involves added means of providing better homes for the people of the nation.

This is the fundamental purpose.

Its achievement will bring collateral results of equal importance.

Chief among these are the stimulation which this process of providing better homes will give the durable goods industries, new employment for men and money both in these industries and in actual home construction and modernization work and the added impetus and confidence which extensive construction activity lends

A PROGRAM to rebuild America is in the making, a plan in which home owners and business, with minimum help from Government, will join to mutual advantage. Administrator Moffett here outlines the parts each will play and advantages each will gain

to practically all lines of business.

As the President stated, the National Housing Act provides "added means" of achieving the fundamental purpose he pronounced. Other and older agencies, each in their own way, for months have been pursuing all the aims I have enumerated—the Federal Home Loan Bank Board, the Home Owners Loan Corporation, the Farm Credit Administration, the Subsistence Homesteads Division of the Department of the Interior, the Housing Division of the Public Works Administration and (more indirectly) the Reconstruction Finance Corporation.

The organization which we are setting up under the National Housing Act, while it parallels and augments all these in its essential aims, differs from them in this one important particular:

While the older organizations, with the exception of the Federal Home Loan Bank Board, operate through direct financing to property owners, or the advance of Federal funds for new construction, our organization seeks to make private credit available to the rank and file of solvent

home owners, and is thus of much wider application.

It also differs, with the exception noted, from certain of these older agencies in that it makes minimum infringement upon the field of private business. On the contrary it seeks to encourage, assist and facilitate such business. Private capital and private initiative play the leading rôles in our program, the Government's part being merely to supervise, to guide and to utilize its credit to bulwark private lending.

While our organization to effectuate the Act was begun only in July, we are already embarked on the first phase of the program. This is the modernization, renovation and rehabilitation of existing dwellings and other eligible types of buildings—stores, garages, etc. We chose to concentrate our initial efforts here both because work of this nature can be most quickly gotten underway and because it offers the largest immediate market for the particular service our organization has to offer.

To show the extent of the home rehabilitation market it is only necessary to cite the recent Department of Commerce survey covering 1,811,462 dwelling units in 59 cities. More than 16 per cent of the residential buildings are in need of structural repairs, and more than 44 per cent are in need of minor repairs. An idea of the potential modernization market is given by the same survey. It reveals that more than ten per cent of these urban dwellings are without indoor running water, more than 20 per cent lack indoor sanitary facilities and more than 25 per cent have no bathtubs or showers.

This potential market for the multitudinous goods and services of the construction industry has been building up for at least the last five years. The human tendency to make existing facilities do and to undertake no new commitments in times of economic stress, actual difficulty in securing loans, curtailed or abruptly terminated incomes, uncertainty as to the future and, more recently, increasing construction costs, all have contributed to the damming up of this demand.

Private loans to be insured

NOW what is our method, what are we doing and what do we propose to do toward breaking this dam and loosening the pent-up demand? The method in this, as well as other phases of our program, is essentially to insure private lending agencies against loss on loans they may make. With fear of loss removed, long-idle private capital may logically be expected to seek employment and the whole

train of good results which that means may be expected to follow. The mechanics of this method I will discuss later.

At a conference of leading representatives of manufacturing industries, of railroads and of labor, held on July 20, we outlined our program and secured pledges of cooperation both in promoting the program to property owners and in assuring reasonable levels for the cost of such repairs and materials.

We have created a division within our organization to handle the insurance of the renovation loans which private agencies will make. To head this division we have drafted Albert L. Deane, president of the General Motors Holding Corporation.

Local committees to be formed

AS I write this, detailed rules and regulations are being drawn, and regional supervisors and state administrators are being named. These men will direct the organization of local committees in each community and these committees will undertake the intensive promotion of renovating campaigns by every means they can devise. Our organization, under the direction of Ward M. Canaday, head of a well-known advertising agency, will aid these committees in selling the advantages of immediate renovation to the individual property owner through suggestions for publicity and advertising campaigns, but the prime responsibility will fall upon the local committee. And since this plan is to be sold to those hard-headed citizens who have succeeded in keeping their credit intact during the past few years, the campaign will be conducted on a hard-headed, dollars-and-cents basis. The owner will be shown a positive reason for renovating his property in terms of lowered interest rates on loans. Both he and lending agencies will have an added incentive to immediate action in the fact that our organization has set a time-limit upon the placing of remodeling loans.

Now as to the mechanics, which I will discuss here only in general terms.

An owner of real property of any eligible type or an owner of a substantial equity in real property, wants to add, say, a sun porch to his home or make some other form of fixed improvement to his store, warehouse or whatever kind of building it may be. He will engage a contractor or architect to prepare plans and a statement of costs. He then goes to a local lending agency—a bank, building and loan association, a mortgage company, a personal finance company or other approved lender—and furnish-

es whatever credit references that agency may require. The minimum loan he can apply for under the plan is \$100; the maximum, \$2,000. If he meets the lender's credit requirements, the lender assures the contractor or architect that he will discount the owner's note for the total cost upon completion of the work. The work is done and the owner gives his note to the contractor or architect with a certificate attached and signed by both stating that the job has been completed satisfactorily. The local lender takes the note, gives the contractor or architect his due and the deal is closed so far as the latter is concerned.

In case the lending agency is a savings bank or building and loan association restricted by law as to the type of credit it can extend, the borrower may have to give a mortgage on the property as security or increase the existing mortgage if any. Existence of a mortgage does not prevent the owner from obtaining a loan in any case, so long as it is in proper standing and taxes are paid on the property. I should emphasize, however, that it is our purpose to encourage the making of character loans secured solely by the personal note of the borrower.

Loans to be paid in installments

THE owner agrees to pay off his loan in regular installments. The financial institution may not collect as interest, discount, or fee of any kind, a total charge in excess of an amount equivalent to \$5 per year per \$100 of the original face amount of the note, deductible in advance.

So much for the property owner's part in the plan. The lender in his turn will base loans for which promissory notes are taken on the character and income of the applicant, location of his property, the economic need and social desirability of the proposed improvement, and the fairness of the proposed price for the job.

Within these broad limits, approval of the loan is entirely up to the lender. Having approved it and advanced the money to the property owner or discounted his note when the contractor or architect presents it, the lender records it on his books as being a credit advance in accordance with the National Housing Act. If the borrower meets his payments as they fall due, our organization will have no hand in the matter. If he does not, the lender takes the customary steps to collect. If these fail he assigns the note to the Housing Administration. He then receives the outstanding balance on such bad debts in cash from our organization,

the sole limitation being that our payments to him on this account will not exceed 20 per cent of the total amount of loans he has made under the Act. The Housing Administration will take such further steps to collect these bad debts as may prove feasible.

Since statistics show that average losses in somewhat similar financing are below three per cent, we feel that even with this limitation the plan virtually amounts to a full guarantee to the lender. To make good such renovizing loans as may be defaulted the Housing Administration has available a fund of \$200,000,000, supplied by the RFC.

Lenders, in turn, can borrow from our organization in certain cases of an emergency character upon the security and to the full face value of the modernization loans on their books. While we are empowered to lend up to a billion dollars in this way, it is contemplated that only a small amount will be so loaned. It is not our intention to provide lending institutions with the capital to make modernizing loans.

This gives a general idea of the renovation and modernization phase of our program. We are shooting at a goal of \$500,000,000 in modernization work, cash and credit, by the end of this year, and an added billion by January 1, 1936, when this phase of the plan will expire.

Financing homes

THE second phase of our building construction program relates to the financing, through insured mortgages, of both old and new homes occupied or to be occupied by the owner. These mortgages will be for their full face value; there will be no 20 per cent limitation, as in the case of the modernizing loans. This phase is not so immediate as our modernization plans, but the general principles under which it will operate can already be stated.

Briefly, we will seek to stimulate construction of owner-occupied homes by making it possible for approved private lenders to offer a borrower a single amortized mortgage—that is to say, one which the borrower pays off on the instalment plan—of up to \$16,000 or 80 per cent of the appraised value of the

property. The borrower will pay five to six per cent interest, plus a premium for the insurance feature.

An owner-occupant of a home already built will be enabled to refinance an existing mortgage on a similar basis.

The lender will find his protection in a revolving fund, called the Mutual Mortgage Insurance Fund, administered by our organization. The Government will allocate \$10,000,000 to start this fund, and borrowers themselves will carry it forward through the premiums already mentioned. This premium will be not less than one-half nor more than one per cent of the original face value of the mortgage, and will be payable annually in advance.

Aggregate total amount of insurance of first mortgages on existing homes will be \$1,000,000,000 and a similar limit will be placed on insurance of mortgages on new homes.

Again, as in the case of modernizing loans, our organization will have no hand in the granting of these mortgages, save to require that they contain amortization provisions within the financial capacity of the

borrower, that these provisions will pay off the obligations in not more than 20 years, and that they shall contain proper provisions concerning repairs, fire and other insurance and so on.

And here again, our organization will play no part so long as the borrower correctly meets the mortgage terms.

Repaying on defaulted mortgages

SHOULD the borrower default, however, the mortgage holder will present the document to the Housing Administration and will receive certificates for the total face value of the mortgage as of the date of presentation. These certificates will bear interest of not more than three per cent a year and will mature three years after the maturity date of the defaulted mortgage which they cover. Interest and principal will be paid from the Mutual Mortgage Insurance Fund. Such certificates as are issued prior to July 1, 1937, will, in addition, be guaranteed both as to interest and principal by the Government. The mortgage itself will ultimately be



Albert L. Deane (center) and Ward M. Canaday (right) play important rôles in the organization of the Housing Administration and like Administrator Moffett (left) were drawn from private business. Mr. Deane, who is organizing the finance division, came up through the automotive financing ranks to become president of the General Motors Holding Corporation. Mr. Canaday, who will "sell" the housing program, was formerly advertising manager for Willys-Overland and is now head of the United States Advertising Corporation

FOR NATION'S BUSINESS BY LOHR

liquidated by the Housing Administration.

Separate divisions will be set up within the Fund and in these divisions premiums on substantially similar mortgage risks will be segregated. Our actuarial computations show that these segregated funds will be solvent and will terminate in about their nineteenth year even if: (1) all mortgages in a single fund are insured at the maximum risk, or 80 per cent of the appraised value of the property; (2) 25 per cent of the total face value of mortgages in a single fund go into default; (3) our ultimate realization on these defaulted mortgages is only 50 per cent of the original appraised value of the properties; (4) if all defaults occur in the earlier years, when the insured risk is large, and (5) if two years are required to liquidate repossessed properties.

Thus we feel that an ample margin of safety has been provided lenders who may make such mortgage loans. I should add that any accumulation of these funds above that needed to cover actual losses will eventually be turned back to the home owners who contributed them.

It will be seen from the foregoing that writing of amortized long-term mortgages at lowered interest rates will be encouraged throughout the home mortgage field by this phase of our program. The aim has been to set up a system which will eliminate certain existing, generally recognized mortgage evils and thereby avoid the disastrous train of events this field of business has witnessed in the last few years.

Poor financing hurt prices

WHOLESALE mortgage defaults during the past four years have naturally led to wholesale dumping of property on the market, with consequent destruction of values. Both lenders and borrowers shared responsibility for this situation. Unsound home financing methods were set up. Fees and commissions were pyramided with the result that true cost of mortgage money to borrowers mounted, in some instances, to 20 per cent. Borrowers on their part contracted mortgages with no intention of paying them off or of eventually owning their homes free and clear.

Mortgages were regarded as permanently renewable, and in many cases, highly desirable inasmuch as they were supposed to facilitate possible sale of the property.

Both borrowers and lenders who have been caught with such mortgages in the past few years now realize the fallaciousness of such theories, and both the social and eco-

nomie desirability of working toward the goal of mortgage retirement and full home ownership.

These general remarks cover the first two features of our plans under the Housing Act. There are other provisions permitting formation of National Mortgage Associations, insurance of mortgages on low-cost housing projects, liberalization of certain functions of older agencies as they relate to housing, and insurance of building and loan deposits (to be administered by the directors of the Home Loan Bank Board).

As I earlier pointed out, we are concentrating our activities right now on home modernization. By the time this appears in print we hope to

have the Better Housing Program swinging into action in every community in the country. Repair and modernizing work can go forward in the fall and winter, taking up the seasonal slack in public works and other construction and getting the advantage of lower off-season costs.

With borrowers, lenders, builders and Government cooperating, we hope to make substantial inroads on the unemployment problem through this and other phases of the housing program. What this will mean toward the rebuilding of the physical, social and economic structure of America is enough to fire the imagination and kindle the enthusiasm of every participant in the plan.

How Business Views Housing

By HOMER GARD

Chairman, Construction and Civic Development
Department Committee, U. S. Chamber of Commerce

IN the judgment of many business men the National Housing Act constitutes one of the New Deal's most constructive contributions to a sound business recovery. Viewed from the business standpoint it carries a two-fold appeal.

First, it provides increased credit facilities not only for modernization of owner-occupied homes but also for modernization of run-down business properties, whether these be tenant homes, retail establishments, garages, warehouses or other buildings included in the wide range of real property which will be eligible.

Second, and more important, are the potentialities which the Act holds both for immediate activity in the construction and allied industries and the sustaining of that activity through the next several years.

The first appeal is obvious to business men who own eligible real property. It needs little emphasis here. The positive benefits of modernization both to property owners and lending agencies have been well stated by many independent organizations, among them the Mortgage Committee of the National Association of Mutual Savings Banks. Endorsing a policy of modernizing properties held by such banks, and, incidentally, loans for modernizing purposes, this Committee recently said:

The basis of this policy is the feeling that there is no warrant for believing the advance of land values in the near future will be sufficient to absorb the depreciation which has already taken place in buildings which have found their way into the foreclosure account. Accordingly, such obsolete improvements must

either be destroyed and new improvements erected or, where the existing buildings are still structurally sound, such buildings must be altered and modernized so as to attract tenantry. . . . Many of our members have discovered by actual experience that rearrangement of an old building so as to accord with modern demands, or the installation of new equipment, will make tenable and income-producing a property which has been entirely empty, or rented on an inadequate basis. . . . Your committee feels that because it stimulates the durable goods industry and thereby promotes the national recovery in an important particular, and because it permits investment of institutional funds at a really satisfactory rate of return it is desirable to engage in modernization and rehabilitation projects, even though the contemplated improvement does not show any return above a fair return on the new money. . . .

In touching on the Housing Program's potentialities for the construction industry, a few words as to methods are appropriate. The immediate job, getting local modernization programs under way, is primarily the concern of each local community. Local chambers of commerce and other civic groups will be key agencies both in this and in seeing that the final and vital party to the program, the property owner himself, is safeguarded. Local builders' and contractors' associations and similar organizations will constitute other key groups in promoting the campaigns. It is planned to have 2,000 of these local campaigns under way by the end of September, the Housing Administration assisting through sample printed matter and other suggestions for organizing the campaigns.

(Continued on page 60)

Why America is America

The incident of a banker who was
burned down—but not out

THE order of the day seems to glorify defeat and dereliction. But here is a case, typical but at the same time dramatic, in which traditional American resourcefulness and initiative overcame seemingly hopeless odds

By NEIL McC. CLARK

HALSTED Street is long, leisurely, and cosmopolitan. Working due south with never a twist or a turn it achieves a peak in its career when for a mile or so it bounds the Chicago Stock Yards on the east. A street old in experience. Seldom surprised.

But not long ago the old street witnessed something that woke it up, warmed its heart and thrilled its twenty-mile-long spine. . . . The story has not been told. I am going to tell it.

At 4201 South Halsted, there stands, or did stand until the other day, a rather old-fashioned building housing an institution known to more than one generation of cattlemen and sheepmen out of the West, and to hog raisers and steer feeders of the Middle Border. This is—or are—the Drovers Banks—the Drovers National, and the Drovers Trust and Savings, both under one roof and one management.

Across the street from the banks, within the Yards, there stands, or did stand, the huge pavilion in which each year the International Live Stock Show brings together the finest live stock from the whole country. Behind and around the banks are, or were, mostly nondescript buildings, flimsy-built.

May 19th, this year, fell on a Saturday. Bill Cummings stayed late at his desk that half-day to talk with

one of his officers. He is officially William C. Cummings—but he comes better if you call him "Bill." He is president of the two Drovers Banks. A man medium tall, squarely and solidly built, with a quick, nervous manner, eyes light-brown behind rather heavy lenses, shrewd but very human, young for his sixty years, modest but placing an earnest trust in himself and God and not ashamed of it. The Drovers Banks, with which he started as a back-of-the-Yards messenger, and with which he stayed to become president, are life and breath to him.

Caught by the stockyards fire

LEAVING the banks before 5:00 o'clock and wanting a little relaxa-

tion, Cummings went to a movie. For about two hours he sat through George Arliss in *The House of Rothschild*, also Mickey Mouse, emerging at approximately 7:15 into a strong wind and a city gradually becoming vibrant with excitement.

Headlines caught his eye. He handed a boy three cents for the News, quickly learned that there was a fire in the Stockyards. Assuming that it was only another little blaze, he paid scant attention at first. Soon it came home to him that this was something big—and intensely personal.

At home he turned on the radio. Every broadcasting station in the city had turned its programs upside down to bring minute-by-minute news that Chicago was being swept



When the vaults were finally opened, a week after the fire, Banker Cummings (second from left) found the contents unharmed

by the greatest fire since 1871.

Alarming reports cluttered the air. Fire Marshall Corrigan, Mayor Kelly, Health Commissioner Bundesen sent out messages designed to calm fears but succeeding in convincing everybody that there was something to be afraid of. Listeners heard that every fire engine in town was on the scene; heard appeals for all firemen on leave to return to duty instantly; were warned against using much water; heard institutions offer to care for the homeless and hurt; heard that outlying suburbs were moving their equipment into deserted city stations against emergencies.

An item was that the Drovers Banks were directly in the path of the fire, were ablaze, were doomed.

Bill Cummings got busy . . .

It was the hardest time of the week to lay hands on his officers. Golf and the week-end had claimed them. He has an organization he swears by, however, and by 10:00 o'clock all of his head men were as close to the bank building as mortals could get.

That was not very close. The amphitheater right across from the bank was the place where the fire was hottest.

The big radio show was over by

to the hottest fire, it is said, that any big bank had ever had.

Cummings knew that the bank's quarters were hopelessly gone. He thought the vaults would be OK. Vault safety had been a religion with him. For years he had preached putting into them at night everything that could be put. Still, with customers on the telephone frantic about their possessions, he could not help feeling uneasy. And why not? One safe deposit box alone that he knew of, contained more than \$4,000,000 in securities, the property of one customer. There were hundreds more. The unexpected might have happened. However—it never so much as occurred to him that the bank might not open for business as usual on Monday morning. He assumed, of course, that it must open. He prepared to open it.

New quarters on Monday

THE Drovers Banks are medium sized, but the largest at the Yards. Their joint capitalization is \$1,350,000. Total deposits, both commercial and savings, as of June 30, 1934, a month and a half after the fire, were \$23,952,527.78; total resources, \$27,570,364.20.

large cities to concentrate the bank's funds in Chicago. That done, there remained the more obvious and immediate problems of where—and how.

Less picturesque than Halsted Street but quite as long and straight, Ashland Avenue bounds the Stock Yards on the west. The break in public confidence two years before had left bank buildings with "To Let" signs on front doors. Cummings thought of these when he was considering where and how to open on Monday morning. But two closed bank buildings were on Ashland Avenue, the southwest entrance to the Yards. Cummings, with one of his vice presidents, routed out the owners of the first one they came to, looked it over, almost took it. But it was small, crowded, not very conveniently located. Minutes were precious, but they decided to look a little further. At 9:00 o'clock Sunday morning (they hadn't slept and wouldn't for another day or two) they virtually broke into the premises at 47th and Ashland, since they couldn't reach the owners.

The main floor was the shell of a bank. The furniture had been moved out. Cages had been dismantled; vaults, however, remained. Cummings stood in the middle of the empty floor.

"This'll do!" said Cummings.

He took off his coat. His mind's eye was already arranging details. No lease, no understanding. He just camped and got busy.

Furniture, he borrowed. Trucks to haul it, and men to move and arrange it, he commandeered. Hammering and confusion continued all day Sunday and all through Sunday night. By 9:00 o'clock Monday morning the last broom had swept out the last shaving. The receiver of the building and of the old bank that had once operated on the spot, arrived, was friendly, cooperated. The faces of familiar tellers appeared in cages ready to transact business as usual with all comers. Half a dozen big bouquets out front celebrated the occasion as if somebody was having a birthday.

Banking by faith

NOW consider what "business as usual" meant. There was not a scrap of paper, not so much as a single 3 x 5 card from the bank's records, (Continued on page 70)



The old-fashioned building housing the Drovers Banks had given up to the hottest fire, it is said, that any big bank had ever had

midnight. The wind changed. Dynamite and floods of water created lines which the fire, lacking the wind, could not cross. Sunday morning papers told the city that no lives had been lost, that nobody had been seriously injured. Long before this, however, the Drovers Banks, with millions in the vaults, had given up

The banks had considerable sums on deposit in cash and securities at the Federal Reserve in Chicago. Cummings immediately arranged to have the money made available, also to sell securities held there, if necessary. Some, as it turned out, were sold; not many. He also arranged for principal correspondents in eight

Watching Washington

By FREDERICK SHELTON

(Of the Kiplinger Staff)

IT'S utterly bewildering to try to appraise each isolated fragment of the New Deal program. It is better to look at the picture whole. And it aids perspective to consider whether or not the circumstances and the objectives warrant the steps being taken. There are two or more sides to every argument.

You need to keep this in mind as you hear the blasts of political campaigners. The 1934 pre-election campaign will be in full swing weeks earlier than usual. You will hear the thunder of the "outs" turned loose against each fancy experiment of the "ins." The logic of the attackers will be impressive. They have powerful arguments. And most thoughtful persons can be made to quake by a logical analysis of events as measured by traditional concepts.

Administration stump speakers will be doing an equally energetic job. They will defend bureaucracy, red-ink budgets, and encroachments of the Federal Government which they so vigorously condemned in 1932. This is the normal manifestation of political partisanship. Democrats will say these are good now because they are doing them wisely; that they were bad in 1932 because the Republicans were doing them foolishly. It's the old game of exaggeration. Try to see through it and figure out the approximate truth.

Mass Voting

YOU should recognize that the emotional masses out-number the rational minority. Those who pay the bulk of the taxes are far out-voted by those who get from the public till. Arguments that the New Deal is economically unsound by all the standards of tradition and experience are apt to fall flat to the millions who get their daily bread from government relief stations. Invectives of those who pay cannot stop this régime so long as a great majority find tangible proof that their own day-to-day existence is made more comfortable by manna from Washington.

The Democrats will retain a safe majority in the next Congress. They probably will lose 50 or more members of the House but will still have enough to put through most of the measures essential to the Roosevelt program. It will be harder, of course. And there will be a return to a semblance of regular parliamentary procedure by the legislative branch of the Government.

Faint Right Swing

THE President probably has not changed at heart, but for practical reasons will have to pay a little attention to advice from the money changers. Mr. Roosevelt is an opportunist—an expert opportunist. He's no Grover Cleveland. He is quick to sense a shift of public sentiment and is adept at shifting his policies accordingly.

Beginning last March a certain set of business leaders became militant against further experimentation. They were effective in a limited way and can become still more effective. They were able to make an impression because parts of the public had turned sour on some of the major recovery experiments of the Adminis-

IN THE absence of Mr. Kiplinger who is on vacation, his place as the author of a monthly article on Washington conditions is taken by Frederick Shelton, one of Mr. Kiplinger's chief associates

tration. A year ago their voice would not have been heard.

Now Roosevelt is willing to amend some of his experiments. Trusted advisers are urging new steps calculated to get cooperation of business in a new push for private employment. And the President, rather mildly and in a sort of round-about way, gives approval and support to the profits system.

There is a falling off of whispered warnings of communism, fascism, dictatorship, and other radical changes in our form of government. Fewer theorists are being appointed to major posts and more practical men are being brought in.

Some of the professional administration liberals are now less sure of their leader in the White House. There are murmurings to the effect that the Great Liberal has departed from the True Doctrine. These murmurings are due to temperament. Roosevelt will not desert his own brand of liberalism.

Business Influence

BUSINESS men may be short-sighted and selfish but they are the fellows who make wheels go around. This will become recognized more clearly in Washington. On the whole it seems to me that business has somewhat less to fear from Washington's intentions than it had a few months ago. Of course, there is the difficulty of putting good intentions into effect, and this matter of effectuation is causing trouble.

Lack of Coordination

LACK of coordination in the Government is notorious. Some of this is due to the immensity of the jobs undertaken. Some can be charged to the inherent limitations of human capacity. But the seat of the trouble seems to be the tendency of the President to look several different directions at the same time, and to launch grand new experiments nonchalantly without gearing one to another. Mr. Roosevelt thus gets tangled up on his basic philosophy of government.

Reforms Ahead

DESPITE the tendency toward moderation plenty of new reforms are now in the making. There will be less glorification of social control as the main objective but the remaking of our national institutions

will go on. During the next few weeks innumerable special committees acting for the President will draft ambitious plans for new legislation.

Here are some of the projects now being blue-printed in Washington government workshops:

A completely revamped NRA scheme which will become the chart for government control of industry for many years to come.

New banking legislation taking us closer to government banking.

A new air mail policy to help obliterate the blunders of the past year.

A more realistic subsidy for ocean shipping with a shifting about of government favors.

An extension of federal control over power companies and especially holding companies.

A permanent agricultural adjustment program to take the place of the battle-scarred AAA.

An all inclusive improvement project for forestation, flood control, development of water power, better use of waterways, and, in fact, a chart for nationally planned utilization of all land and natural resources.

New tax laws, of course, to increase revenues as expenditures rise.

Industrial unemployment reserves as a safeguard against the next depression.

A strict policing statute for the oil industry.

There are others. But these are the main new proposals which will keep business men on edge for the next year.

Extra Session

YOU will hear rumors of an extra session of Congress this fall. It is hardly likely. However, if the November election results really threaten Roosevelt's control of the Congress which will meet in January, it would not be surprising if Roosevelt should convene Congress for a quick mopping-up session in December.

Things to Plan for

GOVERNMENT is reshaping the course of our national economic development. But individuals still need to map their own plans. Individuals will not have the freedom to plan as they used to do, but within the limits set by Government there is still considerable room for individuals to control their own destinies. If you foresee what is coming, you can get ready for it. Mark well the trends and then, whether you like the outlook or not, make the most of it. This is not counsel of abject acquiescence. Do what you can to help shape the trends but don't sacrifice your whole skin on the altar of obstinate resistance.

Here are some of the things you might mark down tentatively on your working papers for future planning:

Much higher price levels should be the logical result of bank credit inflation or of a flight from dollars due to an overstraining of the Government's credit.

Creditors will have hard sledding. The whole course of events favors debtors.

You should plan on paying much higher taxes in terms of dollars and with some increase in the actual tax burden.

The huge unemployment roll will not be greatly reduced for five years. We shall all be compelled to help support the army of idle men whether or not we get the benefit of their services.

In your investments keep as far away as possible from businesses subject to strict government regulation.

Labor will get a larger portion of the profits of industry, meaning the share left after taxes are paid. And those who provide the capital will get relatively

less. The combined forces of unions and government sponsorship of labor will see to this.

Assume war in the next five years. Abstain from any investments in Europe and the bonds of all foreign Governments.

Population trends vitally affect the outlook for many things. Washington population specialists now discard former popular estimates of 150,000,000 people in America by 1945 and figure on a peak of 130,000,000.

Capital Unconvinced

CAPITALISTS are afraid to invest in new undertakings. They feel the heavy weight of overhanging uncertainties. Washington points out that Government is bolstering purchasing power and that business ought to take its cue and steam ahead making the things which consumers must buy. Business is doing that. Business is running close to normal in consumers' goods lines. But the extra activity needed to absorb several million idle workers is in the field of durable goods and it is here that the fear of capitalists to make long term commitments creates an impasse. Government spending out of borrowed money is too slender a thread on which to hang plans for the next 20 to 40 years. No major enduring advance seems likely until this impasse is broken. I don't know when this will be but doubt if it will come before next winter or spring.

Consumer Goods

MEANWHILE, Washington policies will be favorable for lines representing consumers' goods and services. It is in this field that business men can make the most of markets while they last because these lines can pull in their horns quickly when trouble appears. Likewise it is in this field that business men can go the limit in conforming to the rules and regulations of NRA, AAA, and the other government control agencies. Prices and policies can be shifted from season to season with adjustments required by conditions imposed by the Government.

Housing

DECISION of the Administration to push housing as a means of creating private employment aroused great hopes. But it looks now as if results will be disappointing to those who expect this experiment to revive quickly a sick construction industry. People can't afford or are unwilling to pay present prices for homes. And the Administration's own policies are largely responsible for these prices. There certainly ought to be some improvement in private construction during the next 12 months. This will be mildly encouraging but not the big kick-off for permanent recovery which many seem to expect.

Years hence the housing act will be viewed as the first big move toward putting home financing on an amortization basis and getting rid of expensive and wasteful second mortgage financing.

Labor

IT IS obvious that the NRA mechanism is unsuitable for handling the problems growing out of labor relations. Gradually these problems will be lifted out of NRA, and put into the laps of other government agencies to deal with.

The Labor Relations Board will do its best to enforce Sec. 7(a) fairly. This will involve controversies between employers and workers over collective bargaining. Most cases will be settled further down. The few cases which reach the Labor Relations Board will be especially knotty. A majority are likely to be settled on

the side of labor. Thus the Board inevitably will acquire the reputation of being "pro union." Actually, however, the Board is unbiased.

The question of how to crack down on unreasonable labor unions has not been answered. On this particular point the masses of organized labor have politically more power than organized business.

The "company union" problem is given point by the pickets which have marched around NRA headquarters in Washington, carrying placards denouncing General Johnson as being "unfair to union labor," because he "fired" an employee of NRA (who was also an official of a government employees' union), on grounds of inefficiency and insubordination. This is the same kind of harassing situation faced by many an employer.

Tariff Bargaining

THE new reciprocal tariff act demonstrates once more that tariffs cannot be taken out of politics. Theoretically the Administration is now busy negotiating trades with foreign governments whereby protection will be removed from certain American products in order to stimulate exports of other American products. Actually the trades concluded and put into effect will not amount to much. The Republicans have always used the tariff as an effective campaign issue and will use it with increased effect if the Democratic Administration starts "sacrificing" specific protected industries. Secretary of State Hull will do his best to work out reciprocal tariffs but political necessities will nullify much of his effort.

Farm Price Parity

THERE is evidence that farmers are not happy over the results of AAA. Farmers as a class, of course, are chronically dissatisfied, and especially those of the Middle West "farm relief" belt—those who happen to farm the most fertile soil in America. Leading farm organizations are more belligerent than they have been for several years. Apparently the Government's relief methods, which seem to "go against nature," are responsible for much disaffection in agricultural circles. Farmers like their government benefit payment checks, of course, but are inclined to bite them to see if they are real.

Has agriculture been benefited? In dollars and cents the 1934 total gross farm income apparently will exceed \$7,000,000,000. In 1933 it was about \$6,000,000,000. A major objective of AAA was to put prices of farm products on a parity with prices of non-agricultural things farmers have to buy, with pre-war price relationships taken as parity. There is still a gap between the two sets of prices but 40 per cent to 45 per cent of the gap has been closed. Drought accounts for some of the farmer's price advantage but AAA clearly is responsible for a good part of the gains.

Despite any successes of the farm program it seems clear that the whole farm relief mechanism will be remodelled by the next Congress.

I don't know what the new form will be, but I know it is going to cost money.

Inflation

THE most genuinely worrisome feature of the whole Washington situation is the fiscal policy or lack of policy. Doses of extravagant government spending taste sweet. Recipients of public money always want more. It is hard for a Government which looks for its existence to the votes of millions of recipients of public money to halt the disbursement of money. The Government has new broad powers with which it can control almost any crisis in banking, credit, or money. But the very existence of these powers emboldens the Govern-

ment to take greater chances, to tread right up to the brink of the abyss. There is the danger that the controls may not be skillfully applied.

Inflation which has been talked since March, 1933, is now more definitely expected by the scores of economic observers at Washington who constantly pry into every move of the Government to see its implications. It probably started in 1932 or 1931 but it got its big impetus from the drastic fiscal innovations of the Roosevelt Administration.

There is no certainty as to the form of inflation. It doesn't matter much what form it takes for practical purposes. It may be rapid expansion of the tremendous bank credit reserves. It may be that people will lose faith in the Government's credit and start putting everything they have into tangible goods, land, equities and the like. The Government, of course, could deliberately devalue the dollar further, speed up the monetization of silver, or issue paper in the nature of greenbacks to pay off the public debt.

The time element also is highly unforecastable. The processes are now working. Some day people will see concrete evidences of the results. Most students of the factors seem to think it will be a year or more before the thing breaks out in conspicuous form. Some think it may be two years or longer.

But you and I will see our dollars gradually lose purchasing power from now on. If our dollars lose only 10 per cent or even 20 per cent we should be willing to call that "getting back to normal" and not be much disturbed. But they may lose more. The weight of opinion seems to be that hedges against "dollar evaporation" are now in order.

The nationalization of silver provides the Government with the opportunity of making a profit out of the transaction, buying at one price and issuing paper money against it at a higher. Thus it represents a mild dose of inflation, but the total is relatively not great, and silver is not yet to be regarded as a major instrumentality for accomplishing inflation. It is merely one of many measures, the cumulative effect of which ultimately may produce inflation.

Business Outlook

MOST of the non-political Washington business analysts look for September business which is slightly better than August, but without quite as much lift as usually occurs in September above August. They look for a lag in the usual fall upturn. This may cause some anxiety early in the month, but it should diminish as the month progresses.

The outlook for the final quarter of the year is not very clear. There is nothing very good or very bad in the picture, insofar as it can be foreseen now. The view of a majority of business observers is that the volume of business and profits will be somewhat under the levels for the first and second quarters, earlier this year.

The Administration would like to have good October business, in order to promote the Democratic cause in the November elections. The means of doing this are uncertain, however, for even an increase in government outpourings does not always bring quick response of business.

It seems as if business expectations for the remainder of the year should be distinctly moderate. Washington has already administered its biggest doses of business stimulation. They have been moderately successful in sustaining business, not in creating new business. The real and permanent recovery must await a pick-up in the durable goods industries.

August 11, 1934.

Making



It has been estimated that commercial crooks take annual toll of \$250,000,000 from American business

SOME years ago Julius Brink called on the leading banker of a town of some 30,000 inhabitants in central New York to explain that he was embarking in the clothing business and deposit a respectable sum of money. Then he called on the other banker and made a neat savings deposit for Mrs. Julius Brink.

He also visited Philip Wise who was the town's leading attorney and the District Prosecutor and paid him handsomely for drawing up the incorporation papers of the Julius Brink Clothing Company. Next he made himself known to the town's clergymen. He admitted that he was not a particularly religious man but he appreciated the good done by all denominations. Subsequently he made donations to the churches.

He joined clubs, became active on their committees and an enthusiast for all projects for civic betterment. He traded in the town as much as possible and paid promptly. His merchandise he ordered in small lots and discounted his bills.

Within a year Julius was at least as good as a native son.

Then one night he sat down and ordered about \$125,000 worth of merchandise, scattering the orders far and wide. The wholesalers found his record to be good and shipped the merchandise promptly.

Presently, to the local surprise, the newspaper carried an announcement that pressure of financial obligations was forcing Julius to have a big clearance sale. The store was closed for a couple of days to enable Julius to get things in order for the sale. It opened to rushing business which continued for two weeks. By then Julius had taken in some \$35,000 and it was evident that he had pretty well skimmed off the cream.

Much of value was still left in the store and to this Julius gave attention. One night, while the town slept, a couple of moving vans drove away with \$50,000 worth of goods. The stage was set for the final act of the play.

Mrs. Brink began to tell her friends of the wretched business conditions. Julius mournfully applied to the bank for a quite unreasonable loan, thus making sure it would be rejected.

In a few weeks the cheery, optimistic Mr. Brink became despondent, morose, and pessimistic. Bills came in with stiffly worded demands for payment. Local lawyers received some of them for collection, and Julius wept as he explained his plight to them.

When the pressure became intolerable, he sent creditors notice of his practical bankruptcy but intimated that, thanks to the help of his relatives, he might still save his business if the creditors would take 20 cents on the dollar.

In the end, the creditors accepted this offer. Julius put on another clean-up sale, disposing of remaining merchandise for what it would bring and left for another land of promise.

He had about \$50,000 in cash and merchandise which would sell for at least an equal amount, acquired by methods akin to highway robbery.

It has been estimated that the Julius Brinks of this country take annual toll from business of approximately \$250,000,000. In the last analysis, this loss falls on the public since business must look to it for the recovery of its losses.

For years the loss has been borne in silence. This sort of crime makes less appeal to law-making and law-administering bodies than it should. Business is partly to blame. Business men largely adopt the attitude that, if money has been lost, it is best to forget it and attack the next problem.

Even when the robbed man has carried his complaint to the district attorney, and started prosecution, he often has dropped the case when the thief offered to pay his obligations.

Battling commercial crooks

TODAY, however, the situation is changing. Strong forces and agencies are at work seeking to cope effectively with the commercial thieves. One of these, the National Association of Credit Men has convicted 1,460 operators in the past nine years. It has 202 indictments pending and 100 other investigations nearing completion.

In those nine years it has procured 2,731 indictments. In the 4,028 cases investigated, 185,000 creditors were represented with total claims exceeding \$67,000,000.

The association has raised and spent \$1,750,000 to fight commercial crooks—the greatest fund ever raised to insure honest merchandising—and this insurance has been effected without cost in the long run because the expense of bringing convictions has been more than offset by the recovery of concealed assets. This amount of assets recovered reaches \$1,870,000.

It was with such an association that Julius Brink came to grips when, having moved to Berkeley, Cal., he attempted to repeat the performance he had already played so successfully in New York State and, it turned out, in five other places.

In Berkeley the collapse of Julius roused quite unusual interest among the more heavily mulcted creditors. They came to the creditors' meeting and proved most inquisitive and insistent. Local sympathy for Julius left agents of the investigating association quite unmoved. They

Dishonesty Too Expensive

By HENRY H. HEIMANN

Executive Manager, National Association of Credit Men

AFTER years of paying tribute to those who preyed upon it by means of fake bankruptcies, commercial thievery or fraudulent fires, business has at last organized to fight this form of racketeering. Here are a few of the methods

inspected Julius' financial statements. Among them they found a couple that had been signed.

These statements didn't begin to check with the statement that Julius had presented to the creditors' meeting. Thus the investigators jotted down Point One—false financial statements sent through the mails. They handed these to the Post Office Investigating Department and that formidable authority went into action.

Then, after complicated tracing, the merchandise Julius had hauled from his store was found. Here were Points Two and Three—concealing assets and transporting stolen goods with intent to defraud.

Thus, with a fairly complete case, they returned to Julius. Confronted with the evidence, he pleaded guilty and went to Leavenworth for five years. The secreted merchandise was recovered for the benefit of creditors and Julius admitted operations that, by his own estimate, had cost business more than \$500,000.

While, like Julius, most commercial crooks prefer to travel alone, they know the advantages of cooperation.

Combination offers a remunerative field for master minds—nimble-witted and skilled accountants and shyster lawyers. Not infrequently, when the business has come to grief, matters are so managed that one of the gang obtains appointment as receiver while another is made trustee. With the shyster lawyer at the helm to steer the semi-derelict, the ruin is completed.

Another advantage of partnership is that, when the hour is at hand for the coup it is helpful to have an absconding partner, who may carry the sins of the partnership and its emoluments into the wilderness, while the other remains as the innocent bagholder. Sympathy for the wronged partner may help to weather the storm. If criminality is discovered, the responsibility may be placed on the absentee; then, when the tempest has died down, it is possible that the partners may meet again and reap the harvest of their industry.

Messrs. Murphy and Brown were attracted by the commercial possibilities of automobile tires. Mr. Murphy, a gentleman with an unctuous tongue, loaded his pockets with expensive cigars and went forth to lay the foundations of the enterprise. For credit men connected with tire companies he verbally sketched a financial statement that looked better than Holland in tulip time.

The listeners were impressed; one or two casually asked that the statement be jotted down and mailed. This was done so diplomatically that Mr. Murphy suspected nothing. Other credit men asked for and got personal delivery of signed statements that would be useful in case the state laws had to be invoked. After



Strong agencies are at work to stamp out dishonest business practices. One of them has won 1,460 convictions in nine years

these preliminaries Mr. Murphy's orders were accepted.

It was then Mr. Brown's task to get rid of the tires before the credit friction wore them out. Presently credit men began calling for their money. Their reward was a piteous tale related by Mr. Brown. It seemed that Mr. Murphy was a trickster who had robbed Mr. Brown of money and good name. As for himself, Brown had signed

no statement and had done no wrong. It was decided to try and run down Mr. Murphy. After some little chasing a United States marshal accomplished this.

When Murphy heard Brown's story he was indignant. He had things to say that did not harmonize with what Mr. Brown had said. The investigators found profitable amusement in setting Murphy on Brown and Brown on Murphy. Between the two statements it was possible to piece up a fairly complete story. The grand jury brought indictments, and Murphy and Brown went to Leavenworth.

Several years ago in Oklahoma another partnership was operating. Three gentlemen started a modest wholesale grocery business. By discounting their bills for several months they were able to purchase about \$20,000 worth of stock, all of which vanished as did the purchasers.

While creditors were contemplating this situation, about 400 miles away a prospective merchant deposited several thousand dollars in a local bank, and opened a store.

Presently wholesalers were seeking his business. He

gave it to them, and in a few months goods, money, and merchant had disappeared. In the meantime, 300 miles away, partner Number Two of the Oklahoma enterprise was laying plans for a similar operation with the merchandise shipped from the first location.

The patient business public, however, may be pushed just so far. The National Association of Credit Men noted the suspicious likeness of successive failures that came under its notice. Handwriting comparisons convinced investigators that variously named merchants were the same man. Further inquiries established that the parties involved had been operating for nearly a decade, had made nine profitable ventures and had so systematized their procedure that the originators hired managers to handle the details of their illegal affairs.

It may be said, possibly with much truth, that these failures would have been impossible had credit men been more prudent. Be this as it may, business is now making a practical effort to prevent such occurrences. The National Association of Credit Men has a complete file of these commercial crooks, catalogued as to ter-

(Continued on page 52)

"Relief" Makes Strange Bedfellows

Bedding men protest. Left to right: H. G. Brandwein; G. D. Wrightson; O. M. Burton; S. J. Mills, National Assn. of Bedding Mfrs.; Cornelius Lynde, attorney; A. J. Schob; R. W. Marquardt; A. Wuest; R. W. Schwab; and J. H. Hirsch



FOR NATION'S BUSINESS BY LOHR



PHOTOS BY UNDERWOOD AND UNDERWOOD

Aubrey Williams, Acting Administrator of FERA, promises "careful consideration" of the industry's plea

Mrs. Ellen Woodward, FERA Women's Work Director, supervises the mattress-making project



UNEASY lies the bedding industry these days, and also the furniture, meat-packing and other businesses into which the Government, through its Federal Emergency Relief Administration, is now plunging. The bedding industry, awaking in July to find FERA asking bids on an initial 5,000,000 yards of ticking and 30,000 bales of cotton (of a 250,000 bale total) from which the unemployed will make mattresses and blankets for free distribution among the needy, has been among the first to make organized protest.

FERA says the project will utilize part of the cotton surplus, provide work for those on relief rolls, provide articles not otherwise available to the needy.

The bedding industry replies that the Government will be giving away an all-cotton mattress (such as now retails for \$25) as compared with the \$10 part-cotton mattress now generally sold, that 250,000 bales of cotton will make some 2,000,000 such mattresses or 30 per cent of the industry's total production last year; that this quality mattress will last 15 years and remove recipients from the mattress market for that period, that second-hand sales will further upset the market, that these and other effects of the FERA program will add to the distress which the industry and its workers are already experiencing. Meanwhile FERA pushes forward on this and like projects.

The Future of NRA

By HENRY I. HARRIMAN

President, Chamber of Commerce of the United States

WHEN the time arrives to consider the continuation or replacement of the National Industrial Recovery Act, it may be expected that the legal as well as the practical limitations of this method of industrial regulation will be subjected to careful scrutiny.

In the emergency they were designed to meet, the people of the country were not disposed to question closely the constitutionality of this and other measures of the President's program. They are, however, vitally interested in the constitutional aspects of any permanent legislation that may be enacted to take the place of the Recovery Act, when it expires in June, 1935.

The American people are not prepared to abandon the system of government under which the nation has, for a century and a half, made remarkable progress. At the same time, they recognize that the Constitution is a living document which is subject to continuing interpretation by the courts in the light of changing economic and social conditions. In any consideration of permanent legislation it is, therefore, appropriate to review the limitation of federal regulation and control.

The Industrial Recovery Act, if made permanent, will undoubtedly be examined under three headings, the first two of which are closely interwoven:

1. Whether it transcends the power of Congress in the degree of regulation which it imposes upon industry;
2. Whether it violates the Fifth Amendment to the Constitution which forbids the taking of property without due process of law, and
3. Whether Congress has improperly delegated its own power to the executive.

It should be noted that the National Industrial Recovery Act does not primarily attempt to provide for the regulation of business through statutory rules, but rather through codes of fair competition formulated by industry itself, these codes becoming effective when approved by the Government. The power of the President to impose codes and the licensing power are emergency au-

thorizations which will probably not be continued in any permanent law.

It should be further noted that no constitutional question arises as to the legality and enforceability against signers of agreements embodying fair rules of business practice that have been approved by the Recovery Administration. The only past prohibitions of such agreements were statutory provisions such as the Sherman Act. By the terms of the NIRA these have been set aside where agreements have received the sanction of the Government. The question comes as to whether such fair rules can be enforced against minorities that do not voluntarily agree to abide by them.

Based on the commerce clause

THE constitutional bases for the regulation imposed upon business by the NIRA are found

1. In the authority of Congress to regulate interstate and foreign commerce.

2. In any incidental powers which may be held reasonably necessary to the exercise of the commerce power. Broadly speaking, there is no police power in the Federal Government, that being one of the powers reserved to the states under the Constitution.

But what are the limits of interstate commerce, and hence of the regulation which the Federal Government can enforce under the NIRA? Does interstate commerce include manufacturing and mining? And, under the commerce clause, can rules and regulations be made to govern maximum hours, minimum rates of pay, and other fair conditions for

THIS discussion of the constitutional aspects of the National Industrial Recovery Act is written by one who feels that the Act has already done much good and that in an amended form it should be made permanent. Constructive criticism is always desirable. In that spirit this discussion is presented

the making of goods, some of which are to enter into interstate commerce? Again, does commerce include the service trades, the local butcher and baker, the department store with its primary business local, or the local street railway or utility? Under the commerce clause, can the Federal Government approve and enforce rules of fair practice for such lines of business upon the assumption that they are a part of interstate commerce?

By a series of decisions the courts have included as a part of interstate commerce, not merely the transportation of people and goods across state lines and the facilities used for that purpose, but transactions and facilities which are in the stream of interstate commerce—as, for example, the stockyards. They have held that the Federal Government has the right to regulate the stockyards because, while local in nature, they are an important facility in maintaining the flow of interstate commerce in meat from the prairies of the West, where the beef is raised, to the market where it is sold to the consumer.

The courts have also held that a state could not impose an extremely low railroad rate for intrastate traffic over an interstate railroad, because the collection of such a low rate for intrastate business adversely affected the rates which the carriers would have to charge for interstate business, and thus placed a burden upon interstate commerce. The very wide implications of such decisions can readily be seen.

Many decisions of the Supreme Court have made it clear that transactions, which in themselves are in-

trastate in character, may yet be regulated by the Federal Government under the commerce clause, if such transactions place a burden upon interstate commerce.

In 1923 the Supreme Court handed down a decision respecting the Grain Futures Act passed in the preceding year. It held that transactions on the grain exchanges, having been found by Congress to interfere with and place burdens upon the interstate flow of grain, were subject to federal regulation. This control was found to be within the power of Congress even though all the transactions of the exchange were conducted within a given state.

What is interstate?

IN THE case of *Swift and Company vs. the United States*, the court held that even though the combination alleged in the pleadings embraced restraint and monopoly within a single state, there was a violation of the Sherman Antitrust Act if the combination directly restrained commerce among the several states, and such restraint was not accidental, secondary and remote.

In the *Hopkins* case, the Supreme Court held that an agreement among commission men at a public stockyard was in and of itself only a local matter; but it also held in the *Stafford* case that just as soon as these local agreements became burdensome to interstate commerce, and Congress so found, Congress could regulate them so far as was necessary to remove a burden from interstate trade.

Again, the court found that while the buying and selling of cotton futures upon an exchange are intrastate in character, a corner obtained through such transactions burdened interstate commerce and could be punished under the federal statutes. In still another case the court found that if stone masons laying up the wall of a house agreed to discriminate against stone shipped in from another state, they became subject to federal legislation.

Hardwood mills are characteristically small and decidedly local in

their operation. Yet in the hardwood case before the Supreme Court in 1921, the court decided that an agreement to restrict production, made by five per cent of the mills possessing about one-third of the total production of hardwood lumber, had a direct bearing upon interstate commerce and consequently came within the reach of federal legislation.

Finally, a most interesting case showing the extent of federal power over even a manufacturing process is that of the *Standard Oil Company vs. the United States*, decided in 1931. The cracking of crude oil in the production of gasoline is obviously a local matter. In this case, however, it was shown that various oil companies had pooled their patents for cracking processes and had cross-licensed one another. To the argument that the cracking of hydrocarbons in crude oil and their recombination into gasoline was a manufacturing process, and that consequently it was beyond the reach of the power of Congress over interstate commerce, the Supreme Court without dissent made an emphatic denial and said, that, while manufacture is not interstate commerce, agreements relating to manufacturing processes are within the reach of Congress if their tendency is to limit the supply, or to fix the price, of goods actually entering into interstate commerce. Incidentally, it should be added that, having taken this position, the court proceeded to find that the agreement in question was not unreasonable and, consequently, was not unlawful.

Many other cases might be cited, but those I have enumerated clearly show that the Supreme Court has given a very broad interpretation to the power of Congress to regulate and control interstate commerce. Much more than the mere carrying of goods or people is included in the term "commerce." Indeed, we have seen that the court has upheld the authority of the Federal Government to protect interstate commerce and to free it from burdens, even though in doing so a degree of regulation is imposed upon matters which are essentially local in character.

The Federal Trade Commission Act, passed in 1914, in Section 5, declared that unfair methods of competition in interstate commerce are unlawful and gave to the Commission authority to prevent such unfair methods whenever it finds that the public interest is involved. This law has been repeatedly upheld by the Supreme Court, among the more important cases being *Federal Trade Commission vs. Winsted Hosiery Company*, *Federal Trade Commission vs. Algoma Lumber Company*, and *Federal Trade Commission vs. Keppel and Brother*, two of these cases having been decided within the year.¹

The present Recovery Act contains criminal features, and gives to the President the right to prescribe codes without the consent of the industry. Until June 16 it gave him authority to license business enterprises in order to make effective a code. Without attempting to discuss the considerations relating to these subjects, if they should be called into question, I feel these provisions should not be included in any permanent act for the establishment of codes of fair practice. In my judgment, such codes should, in the first instance, be formulated by the industry in question; they should then be submitted to the Government for approval, becoming effective when such approval has been received.

Enforcement in equity

IF THE criminal features are removed from the Act, the normal procedure, in case of code violation, would be to summon the accused party to a court of equity with full opportunity to be heard. If it is found that he is violating the code, he should be enjoined; and if thereafter he violates the injunction, he should be subject to fine or imprisonment for violation of the court's order. This is the orderly method for the enforcement of codes, and it is, in the long run, the wise method. Furthermore, it should be remembered that a criminal statute is always closely construed, while a civil statute

(Continued on page 65)

¹In the *Winsted* case the court upheld the ruling of the Commission in ordering a manufacturing company to cease and desist from using "natural wool" as a label where the product was not entirely wool. In the *Algoma* case, the court similarly upheld an order of the Commission prohibiting lumber companies from labeling yellow pine grown in California as "white pine." In the *Keppel* case the court sustained the Commission in prohibiting a manufacturer from putting out packages of candy for retailers to display near schools with a premium concealed in the wrapping of some of the pieces, on the ground that small children were enticed, because of the gambling chance, to purchase a piece of candy smaller in size or inferior in quality than they would obtain for the same sum if merely buying candy.

These cases clearly sustained the right of Congress to impose a degree of protection beyond the scope of the common law, to the end

that industry and commerce might be fairly conducted.

It may be well argued that, if Congress has the right to prohibit misleading labeling of articles entering into interstate commerce and to stop the misguiding of children, it can certainly prevent, through codes of fair competition, any members of an industry from seeking advantage through use of child labor or through resorting to trade practices declared by an overwhelming majority of an industry, through its code, to be unfair.

Some constitutional lawyers feel that the decision of the Supreme Court in the child labor case—*Hammer vs. Dagenhart*—rendered in 1918 will make invalid any attempt on the part of industry through the NRA to make fair rules and regulations for the production of goods entering into interstate commerce, and to have them enforced. In that case the court held that the federal child labor law prohibiting the inter-

state transportation of goods which had been made in mills employing child labor, as defined by the statute, was unconstitutional. The court held that the right to regulate interstate commerce did not include the right to set up rules and regulations under which a product entering into interstate commerce had to be made. These rules the court held were a subject for state rather than federal legislation.

Many lawyers, however, point out that there is a great distinction between rules and regulations exactly specified by an act of Congress and the enforcement of fair rules and regulations formulated by an industry for itself with the approval of the Government. They also point out that economic and social changes have occurred since 1918 which may properly influence the court, and finally they recall that this famous case was a five-to-four decision and, consequently, by no means expressed unanimous views of the court.

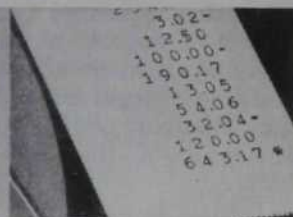
Burroughs

SIMPLER . . . FASTER

ELIMINATES NEEDLESS MOTIONS



NO CIPHERS TO WRITE



Burroughs prints ciphers automatically. There is no cipher key. Since figure work averages 30% ciphers, almost one-third of the figuring is done without touching a key.

SEVERAL KEYS AT ONE TIME



You can touch two or more keys at once. For example, write 4.67 with one stroke—not three; write 77 with one stroke—not two; write 5,870.00 with one stroke—not six.

SUBTRACTION AS FAST AS ADDITION



To subtract, touch the "minus" bar. To add, touch the "plus" bar. No other motions are required.

INSTANT TOTALS



To take a total, touch the total key. This one, single motion—not two or three—prints the total.

Try this new Burroughs. You will like its speed . . . its simplicity . . . its ease of operation. It handles almost one-third of the average work automatically . . . see how much easier and faster you can list and add amounts by using the short cuts offered by the full visible keyboard. These important features are offered in over 90 different Burroughs models. There is a size and style for your particular needs—at a price surprisingly low. Send for descriptive folder. BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICHIGAN

BURROUGHS ADDING MACHINES

ADD • SUBTRACT • MULTIPLY

Government's Grasp on Banking

By ARTHUR CRAWFORD

Washington Correspondent, Chicago "Journal of Commerce"

THE FEDERAL RESERVE system was established with a view to keeping banking free from politics. That view has lately been reversed. Through federal insurance of deposits, RFC purchases of bank stocks, and special powers granted the Secretary of the Treasury, the Government now has a firm hold on the banking structure

WHEN, after Congress adjourned, Secretary of the Treasury Henry Morgenthau, Jr., appointed a committee of experts to study banking and monetary problems he recognized a new and changing attitude on the part of the Government.

Legislation enacted by the two sessions of the Seventy-third Congress which have been held since President Roosevelt took office has shown a highly significant trend toward increased governmental control over banking and credit. Not only did Congress enact measures proposed by the Administration and directed at that end but many members showed strong desires to go even further. A movement for a federal monetary authority or central banking system completely owned and dominated by the Government took shape.

Evidence is abundant that the Federal Reserve system, whose creators envisioned regional banks owned by member banks and supervised by a non-political board, may face a fight for its existence in an early session of Congress.

The intention of the Federal Reserve Act, passed in 1913, was to limit the Government's direct contact with the banks to supervision of the national banks by the Comptroller of the Currency. The Act placed control of the flow of credit under the Federal Reserve Board and 12 Federal Reserve Banks which were to be as free as possible from political pressure.

The President was to appoint members of the Board but their long and overlapping terms were supposed to give them independence. The Government's direct influence was limited to the *ex officio* members, the Secretary of the Treasury and the Comptroller of the Currency. The Federal Reserve Banks, through which the Board would mobilize, expand and contract credit, were to be

controlled by directorates, only one-third of whose members would be appointed by the semi-governmental supervising body. Authority to issue currency was entrusted to these privately owned institutions.

The basic premise of the framers of the Federal Reserve Act was that the Government should not dominate the commercial banking system and that there was grave danger to the Federal Reserve system in political interference.

Under the New Deal, the viewpoint has changed. Although the trend toward increased governmental control is not strange in the light of the banking situation which confronted the Administration when it took office, those who object on fundamental grounds to political influence in banking affairs regard the new trend with misgivings.

Federal Reserve's powers curtailed

IN THE discussions in the recent session of Congress, the Secretary of the Treasury was assumed to be the hand of the Government. The Federal Reserve Board and, particularly, the Federal Reserve Banks were viewed as agencies more or less subject to private banking interests. But new laws by the Seventy-third Congress have given the Secretary of the Treasury powers which, if exercised, might tend to nullify the efforts of the Federal Reserve system to control the course of credit.

What has taken place thus far represents only a step toward the type of governmental banking control which the more radical minded have long advocated and which, because of last year's collapse of the banking structure, has gained new and influential support. Involved is an issue which, when finally fought out in Congress, may rank in importance with the earlier contests over banking theories such

as accompanied the chartering in 1791 of the First Bank of the United States. That First Bank, formed at the instance of Alexander Hamilton, was government-owned to the extent of one-fifth of its capital. It was abandoned 20 years later after the Government had sold its stock. Then came the chartering in 1816 of the Second Bank of the United States, again government-owned to the extent of only one-fifth of its capital. It was abandoned at the expiration of a 20-year grant because Andrew Jackson, who might not have been averse to a completely government-owned bank, opposed it. In the 1840's came the establishment of the independent or subtreasury system, the authorization in the '60's of a national banking system and the final development in 1913 of the present Federal Reserve system.

In the Federal Reserve Act Congress rejected the central bank idea but modeled the regional reserve system upon the European central bank theory of private ownership and non-political control.

The trend toward Government control of banking appeared in the very first law of the Seventy-third Congress, the Emergency Banking Act. This law was rushed through all its legislative stages on March 9, 1933, when the new Congress convened in a special session called by President Roosevelt to meet the crisis of the bank holiday.

The law, as first drafted, vested

Some day your son will paddle his own canoe. Give him the needed training—Education



If you had your way, perhaps you would like to pick out the future occupation of your boy, one in which you think he will find happiness and the greatest success. Natural ability or special interest, sometimes mere chance, may lead him into a totally different field. Frequently a boy tries various fields before he finds the right one.

But there is one thing certain: Whether he farms, manufactures, mines, builds, becomes a professional man, or whatever he does, he will need training for his future work. The untrained, half-educated boy, thrown on his own resources, has little chance to choose. For the most part, such a boy is bound to take what he can get.

When you plan for the security of all your family, plan vocational or college education for your boy who must rely upon his own ability in the years to come.

There is one sure way that you can give him a start. You can arrange a fund for his education through a Life Insurance Program. Then, no matter what his inclination turns out to be, you will have given him his opportunity. He can prepare himself for self-support in a field which suits him and for which he shows promise.

For complete information about an Educational Fund Policy, send for a Metropolitan Field-Man—or mail this coupon.

Have a well-rounded Program of Protection. The Metropolitan's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Company,
1 Madison Avenue,
New York, N. Y.

(N)

With no obligation on my part, I shall be glad to have details regarding your Child's Educational Fund Policy.

NAME _____

ADDRESS _____

CITY _____

STATE _____



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

© 1934 M. L. I. CO.



The author raises the question: Will the increasing intervention of Government in banking intensify private management's difficulties through bureaucratic inexperience and caprice?

various powers in the Federal Reserve Board. As revised, however, just before its introduction in Congress, the words "Federal Reserve Board" were stricken out in several places and "the Secretary of the Treasury" substituted.

This law provided that "during such emergency period as the President of the United States by proclamation may prescribe, no member bank of the Federal Reserve system shall transact any banking business except to such extent and subject to such regulations, limitations and restrictions as may be prescribed by the Secretary of the Treasury, with the approval of the President." Thus, for an indefinite emergency period, the authority of the President and Secretary of the Treasury was imposed upon that of the Federal Reserve Board.

Also, as a means of protecting the currency system, the Secretary of the Treasury was authorized to require citizens to turn over to the Government all gold bullion, coin and certificates. Power over exports

of gold was entrusted to the President. The Comptroller of the Currency received authority to name conservators for national banks, under regulations approved by the Secretary of the Treasury.

Largest bank stockholder

THE Emergency Banking Act provided the authority by which the Government has become a stockholder entitled to a voice in the management of several thousand banks. It authorized the Secretary of the Treasury, with the approval of the President, to request the Reconstruction Finance Corporation to purchase preferred stock in any national bank, state bank or trust company and to make loans secured by such stock as collateral.

The tendency to encroach upon the independence of the Federal Reserve Board reappeared in the so-called Thomas Inflation Amendment to the Agricultural Adjustment Act of May 12, 1933.

This measure authorized the Pres-

ident "to direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve Banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will" absorb government securities by certain specified methods. The first of these methods was the ordinary open market operations in obligations of the United States Government broadened to include corporations in which the Government is the majority stockholder. Under this procedure the Reserve Banks would buy the securities in the open market, chiefly from member banks. A second method was the direct purchase from the Treasury by the Reserve Banks of Treasury bills or other government obligations up to a total of \$3,000,000,000 and their retention for an agreed period of time. Treasury financing has gone forward so smooth-

(Continued on page 57)

In 1799 LOUIS ROBERT made possible the page you are now reading

TO LOUIS ROBERT, a Frenchman who devised the first paper making machine in 1799, and to Henry and Sealy Fourdrinier, wealthy London stationers who impoverished themselves by financing the development of the machine, you are indebted for this magazine you are now reading. Without machine made paper, there would be but little printing and that little would be very costly.

It was at Dartford in Kent that Bryan Donkin, in 1803, constructed for the Fourdriniers the first English self-acting machine for producing an endless web of paper, guided by Robert's model—"not larger than a bird-organ" which made paper no wider than tape.

By 1813, Robert's invention, with improvements by Donkin, had cut the cost of paper to one quarter the cost of hand made paper and modern printing—printing on a large scale at low cost—became possible. In 1933 the development of Kleerfect, The Perfect Printing Paper,

marked the sequel to Robert's discovery. For with Kleerfect an improvement in paper making again became the outstanding factor in increasing the quality and decreasing the cost of printing.

First of all, in making Kleerfect, special processing eliminates two-sidedness of surface and color for all practical purposes and makes printing of uniformly high quality possible on both sides. Kleerfect has strength and high opacity. It possesses a neutral color that gives proper contrast with the greatest number of printing inks and types of illustration . . . a non-glaring color that is easy on the eyes and permits the maximum true reproductive power of one to four colors.

And yet Kleerfect costs no more than you have paid for just printable paper. For examples of printing on Kleerfect, and the name of the merchant nearest you who stocks it, please write the Advertising Department, at Chicago.



Kleerfect
THE PERFECT PRINTING PAPER
REGISTERED TRADE MARK U. S. PAT. NO. 1,111,171

KIMBERLY-CLARK CORPORATION

ESTABLISHED 1872

NEENAH, WISCONSIN

CHICAGO, 8 South Michigan Avenue • NEW YORK, 122 East 42nd Street
LOS ANGELES, 510 West Sixth Street



THIS *Truck*



ALCOA



ALUMINUM



HAULED THIS PILE OF COAL ABSOLUTELY

Free

IN exactly one year, the extra load hauled *every trip* by this medium-sized truck added up to the enormous pile illustrated. Reason: The body is built of Alcoa Aluminum. The facts are on record, authenticated.

Every man who owns or operates even one medium-sized truck can get the same kind of results by insisting on just one detail of his next truck specification: The body must be built of Alcoa Aluminum.

Before you sign your body contract you know just how much dead weight you are going to save. You choose whether to carry more pay-load every trip, or to reduce gross load, and thus save operating expense, even to the extent of reducing chassis and engine rating.

Aluminum Company of America has made it easy for you to accomplish these savings. Every standard and special shape, rolled and extruded,

needed for utmost weight-economy is quickly available to the body builder. Basic designs which can be varied to fit your particular needs are at his disposal, and yours.

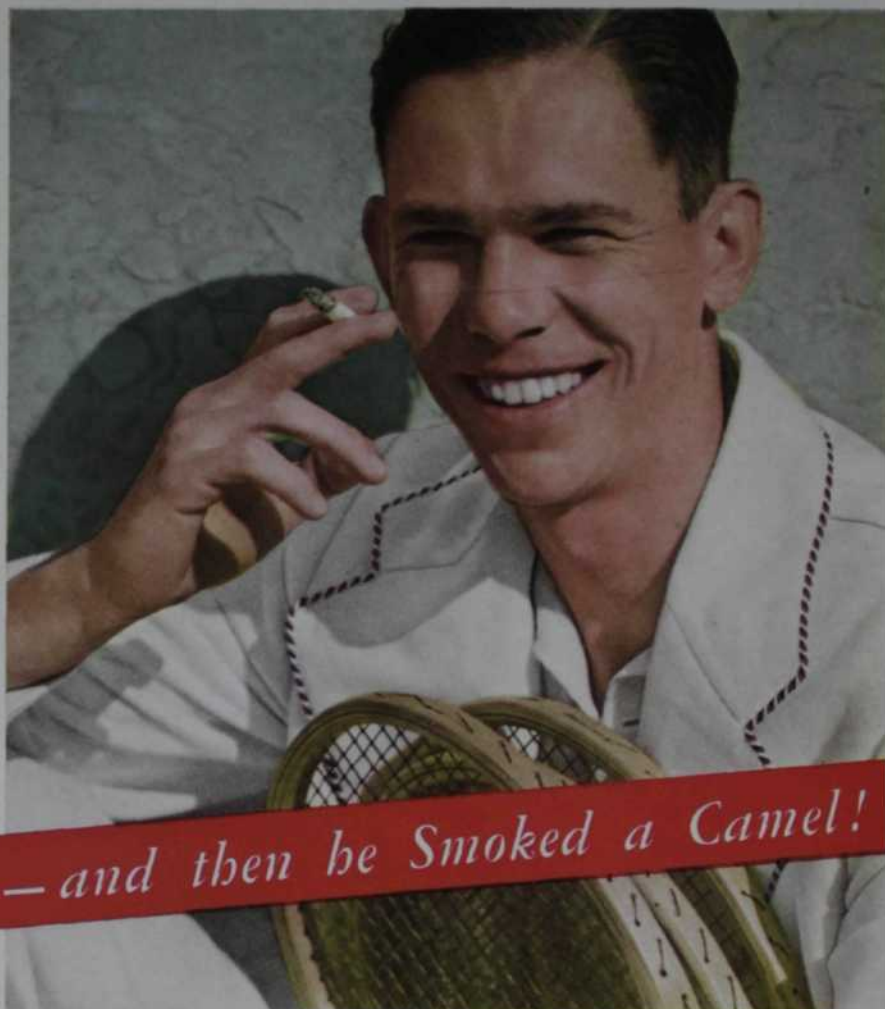
Do yourself the favor of thoroughly investigating what an Aluminum Truck Body will save on the next unit in which you or your company are interested.

Alcoa Aluminum is not used so widely solely because it is light. It has a thousand applications because it is light and **STRONG**. It is eminently workable and can take many beautiful finishes. It resists corrosion.

Alcoa Aluminum has a place in your business. It can save you money. Will you give us the opportunity to prove this broad claim?

ALUMINUM COMPANY OF AMERICA
1825 GULF BUILDING • PITTSBURGH





ELLSWORTH VINES, JR.
AFTER 5 HARD SETS—

—and then he Smoked a Camel!

ELLSWORTH VINES, JR., the spectacular young Pasadena athletic star who holds the U. S. National Championships for 1931 and 1932, and has now swept through the 1934 professional ranks as well!

YOU'LL enjoy this pleasing "Energizing Effect"

When you've used up your energy—smoke a Camel and notice how you feel your flow of natural energy snap back.

This experience, long known to Camel smokers, has now been confirmed by a famous New York research laboratory. Camel smokers enjoy a positive "energizing effect" ...a healthful and delightful release

of natural, vibrant energy. A typical Camel experience is this, Ellsworth Vines, Jr. speaking—

"Championship tennis is one of the fastest of modern sports. After four or five sets, you sometimes feel that you just can't take another step. That's when a Camel tastes like a million dollars. Not only does the rich, mellow fragrance appeal to my taste, but

Camels have a refreshing way of bringing my energy up to a higher level. And I can smoke all the Camels I want, for they don't interfere with my nerves."

So, whenever you want a "lift," just smoke a Camel. You can smoke them steadily. For the *finer, MORE EXPENSIVE TOBACCOS* in Camels *never get on your nerves.*

CAMEL'S
Costlier Tobaccos
never get on
your Nerves



Camels are made from finer, **MORE EXPENSIVE TOBACCOS**—Turkish and Domestic—than any other popular brand.

"Get a LIFT
with a Camel!"

Australia Tried Doing Away with Profits

By HERBERT COREY

Illustrations by Albert Dorne

A SHORT time ago a subscriber in Australia wrote us a letter which said in part: "Dispatches in newspapers here indicate that the United States has entered upon the path which Australia has been following for 30 years. I note that your state proposes to regulate wages and conditions of employment, to control production to some extent, to enter rather heavily into the public ownership of utilities. The same program, in essentials, has not, in my opinion, succeeded here. Before your business men dip too deeply in the Utopian spring, it would be worth while to discover what effect that draught has had on others."

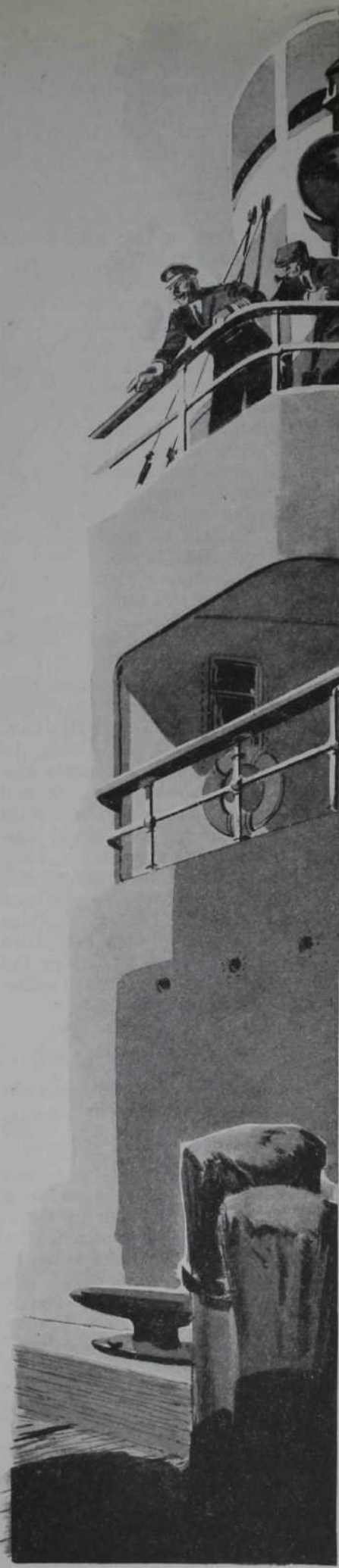
We asked Mr. Corey to bring us the facts on Australia. Here is his report

ALMOST 30 years ago Australia began to experiment with legislation for labor. Today it is the most thoroughly unionized country in the world. Its parliament is absolutely controlled by the labor representatives. They not only represent, one year with another, a clear majority of the membership but, before a labor man elected to parliament takes his seat, he places his written resignation in the hands of the secretary of his union.

As a result everything possible is being done for organized labor. The rate of wages is based upon the cost of living and rises and falls with the average expenditure of a common laborer in the 200 principal cities and towns of Australia for the basic necessities of life. A workingman's practical ownership of his job is conceded. The employer who offends against this principle may be punished in various ways. An American passenger upon an Australian ship was recently annoyed by delay in leaving port:

"I can't help it," said the captain

"Is that so?" queries the sailor. "Just for that I'll hold you up some more." The company would have been fined had the ship sailed without him



gruffly. The American saw an obviously drunken sailor weaving his way toward the quay, waving a whiskey bottle:

"Get on board," said the captain in sea language. "You've held us up now for more than two hours."

"Is that so?" queried the offender. "Just for that I'll hold you some more."

He returned to the groggery and the ship waited. The company would have been fined if the captain had sailed without him. Perhaps the company would have won the case in court eventually, but in the meantime, under the Australian law, the sailor would have drawn full pay. While waiting for a court decision, however, he would not be permitted to work. His full punishment, then, for holding up the sailing of the ship would have been a well paid vacation. He could then have demanded another job and it would have been refused at peril of union hostilities.

Local conditions and politics have created one port 30 miles from the city in which the port laborers live. A special train takes them to and from their work each day. This train runs the 30 miles in two and one-half hours and pay starts when the train does. The workmen are also paid for the two and one-half hour return journey. Twenty minutes smoking time is allowed every two hours, which results in cutting the theoretical eight-hour day to something like two hours of labor.

Too many men for the work

TO move the goods, the men do most of their work on overtime pay. Chilled meat is transferred from the freight cars to the holds of the vessels by four men in the car—two of whom seem to stand by and lend moral support only—over an eight-foot-long slide which is watched by two men on either side and is fed to the crane by still other men. The cargo handlers in the hold are equally numerous. A job that should take two hours usually takes 14.

The American who witnessed these things is a skilled and veteran observer. He noted that one young man was employed as police reporter for an Australian paper until he piled up so large a gross sum in libel suits that his discharge became a necessity. To save his face he was given a letter to whom it might concern:

"We are reluctantly bidding good-



Australia's Labor Party became dominant not only because of numbers but because other parties lacked cohesion

bye to Mr. Libeller," wrote the unfortunate editor. "He has been a faithful and hard working member of our staff. We shall miss him—"

Armed with that letter, the reporter galloped to the Court of Arbitration. It was evident that he had been a competent police reporter. His former employer admitted it.

"See. Here is his signature. But he fired me without cause. I am entitled to damages."

He collected 500 pounds damages.

A veteran dramatic critic had reached that stage in life at which he declined to admit that there had been an English speaking actor since the lamented death of Edwin Booth. The limit of editorial tolerance having been reached, the critic was induced to resign. The management banqueted the staff in honor of this event. The manager of the paper delivered a fulsome eulogy upon the departed when the dinner had passed the cheese and champagne post and had settled down to whisky and water.

His insight was reported upon by the manager in husky threnodies as almost superhuman. He was courageous, full of poetry and fury, widely read and acquainted. His criticisms had established a new high point in Antipodean journalism. Half way through the speech the critic arose, tears almost drowning his utterance. They did not wholly drown it, however, much to the regret of the management. He was able to make himself thoroughly understood. In a moment of rashness, he said, he had

offered his resignation, but now that he comprehended what a hole his going would leave in the staff he would insist upon withdrawing it.

Couldn't take a joke

HE proceeded to withdraw it. He sat down, to wipe his eyes with one hand and reach for the whisky and soda with the other. When it was finally made clear to him that the manager's statements had been made in a spirit of good, clean fun, and should not be held against him, the critic was enraged. He appealed to the Labor Board and was granted one year's salary.

Similar instances might be multiplied. Every detail of the day's work is regulated. A clerk may loaf about the shop after his day's work is done, but if he so much as answers a customer's question he and his employer are in trouble. A man hired to do ordinary labor must not touch the task of a skilled laborer, no matter how capable

he may be. Innumerable craft unions may be organized in a single establishment. If a single group is dissatisfied, everybody may be called out. The theory of the Australian labor laws, supported by a tremendous body of court decisions, is that the chief consideration in determining wages is the capacity of industry to pay. If an employer begins to show a profit his workmen insist on larger wages. If the business falls off they resist a corresponding cut. They are by no means supported by the courts in this position, however. During the recent hard times country-wide cuts have been ordered.

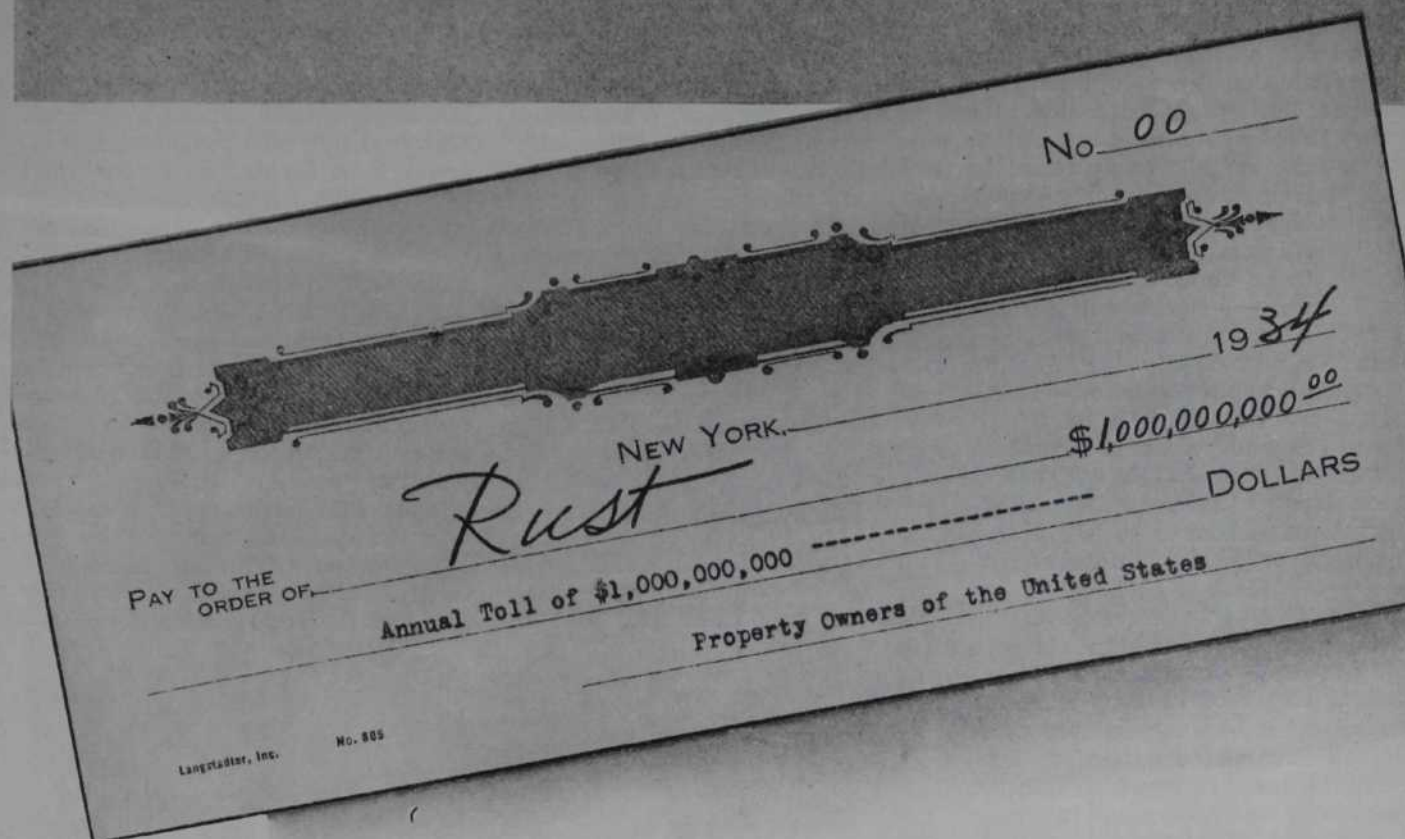
Dependent on the wool clip

THE laws which make these things possible are themselves made possible by natural conditions plus the psychology of Australians. Two-thirds of the six and one-half million people live in the cities and the remainder are spread among the ranches and mines and smaller towns. This is an approximation, of course. The chief industry is sheep farming, as it has been for half a century and more.

"We ride on a sheep's back," the Australians say.

When the wool clip is large and the price is high, every one is prosperous and happy. Two years ago the wool clip was small, the price was low, and Australia went to pieces financially. Interest charges on its public debt were defaulted, there were threats of repudiating the en-

There's no moratorium on this debt!



A Fact: Rust exacts a toll estimated at a billion dollars a year from property owners of the United States. Industry's share is conservatively estimated at half this figure.

A Caution: The field for ferrous metals is necessarily and justifiably large, BUT—misapplication of ferrous metals where Copper and its alloys would serve many times longer accounts for an appreciable part of the rust toll.

An Illustration: A laundry owner purchased a new storage water heater in 1926. The day this heater was installed it started to rust; in 1932 leaks developed and repair welds were made. The following year, welding again stopped the leaks...but only temporarily; then the 7-year old heater was condemned. Today this same laundry is served by a heater of strong, rustless

Everdur Metal. The owner had learned that undue "skimping" on first cost may ultimately prove the height of extravagance.

A Suggestion: In the building field, Copper, Brass and Bronze, on the basis of service per year per dollar, have economically replaced "rust-resisting" metals for flashings, gutters, pipe, screening, water tanks, etc. In industry, where local conditions of rust and corrosion are frequently even more severe, Copper and its alloys are doing their job well—paying for themselves many times over by affording absolute FREEDOM from rust.

An Invitation: Copper and its alloys are offered as a means of reducing your contribution to the costly and partly preventable toll which rust imposes on Industry. May we serve you?



THE AMERICAN BRASS COMPANY

General Offices: Waterbury, Connecticut
Offices and Agencies in Principal Cities



ANACONDA COPPER & BRASS

tire public debt issue, there were strikes and hard times, and the Labor Government was voted out of office. Last year there was a large wool clip at satisfactory prices and Australia is again content, in spite of the fact that her public debts are impracticably large.

Because of the island continent's dependence on the wool crop, the Australian hardly recognizes the existence of other countries. He knows that England and the United States exist but he is only remotely interested in them. His prosperity does not depend at all on the export of manufactured commodities although, in an effort to increase the total exports, bounties are paid on export butter, fruits and the like. He is only vaguely interested—so far as shown by political action—in imported commodities. His desire is to spread the whole national income so that each worker shall be able to live "according to the Australian standard." A manufacturer is valued only in proportion to his direct contribution to this ideal.

In the United States we have for years sought to build up our export trade to make more work and more profits. At the same time we have erected tariff bars against the competition of imported articles. In Australia the tariff is regarded only as a means by which the wage rate may be protected. When the cost of rent, fuel, clothing and the like rises out of proportion to the basic wage, which is formed on a consideration of these items, a cry arises for a tariff boost. If and when this is granted wages are increased. The aggrieved manufacturer then complains that he is paying a wage bill out of line with his cost of production, and the tariff is raised again.

There is no dissent from the statement that, as compared with other countries, wages and production costs are too high in Australia. But while the sheep carried the load it did not matter. The advantage of belonging to a union became so manifest that a Labor Party was formed. It became dominant not only because of its numerical strength but because the other parties lacked cohesion and singleness of purpose. When depression prices coincided with a short wool clip it was realized that a false relation had been set up between wages and the cost of living. Wages are in fact controlled by many other factors, the supreme one being the difference between cost and selling price. The profit motive had been decried in Australia for years, but almost overnight it was found to be the one that made the wheels go round.

Extravagant spending

DURING the period which ended when labor lost political control two years ago, Australia had been en-

gaged upon precisely the same career of extravagant spending that we enjoyed in the United States. The same factors were operative. Wool clips were large, prices were high, and correspondingly there was plenty of money to spend. In the United States we had years of forced prosperity through lending money to foreigners with which they bought our goods. In both countries roads were built, buildings erected, and playgrounds scattered like corn to chickens. Australia went farther along the road than we did, because the State not only took over many public utilities but embarked upon a variety of semi-philanthropic activities.

In New South Wales, the principal industrial state, the state pays each child save the first in a workman's family five shillings a week. This endowment fund is provided by a two per cent tax on the wage bills of employers.

The child endowment idea has been accepted in principle by the Commonwealth, and the officers of the federated government who are paid less than 500 pounds a year re-

The men do most of their work on overtime pay. Although cargo handlers are more numerous than needed, a job that should take two hours usually takes 14



HOW NEW TRUCK TIRE CHECKS PREMATURE TIRE FAILURES



SAVE ON TIRE COSTS . . . REDUCE DELAYS AND ACCIDENTS . . . CUT REPAIR BILLS!

Two o'clock in the morning. A huge truck is rolling over the highway, the driver anxious to make a scheduled delivery. BANG! A tire fails! Precious minutes—perhaps hours—are lost. Both casing and tube are ruined. The sidewall "Failure Zone" has caused another expensive tire delay.

Maybe one of your trucks will be next. Whether you operate day or night, over the highways or in the city, tire delays are costly.

Do you know that 80% of the truck tires that fail prematurely fail in the sidewall? That's the "Failure Zone." And that's the reason that Goodrich engineers worked many long months to lick the problem that had baffled the industry.

Now the big news is out! It's the Triple Protected Silvertown—the tire that's just as strong in the side-

wall as it is under the tread! It offers positive protection against premature failures.

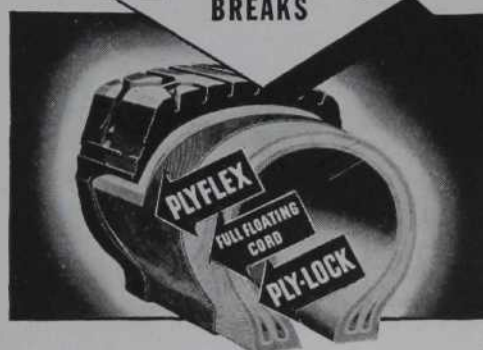
With this different tire you can avoid profit-stealing tire delays. You can get deliveries through on time. And tire costs per mile will be lower than you ever thought possible.

AT NO EXTRA COST!

Is it worth taking a chance on ordinary tires when—at no extra cost—you can get Triple Protected Silvertowns? See your Goodrich truck tire dealer today. Ask him to show you the amazing demonstration of Triple Protection.

FREE! Valuable Book—A copy of the Silvertown Safety Manual for Truck Operators is yours for the asking. How to cut accidents. How to win free Safety Awards. Save money. Write Department T-122, The B. F. Goodrich Company, Akron, Ohio.

THIS
GOODRICH
INVENTION
PREVENTS
BIG CAUSE
OF SIDEWALL
BREAKS



- 1 **PLYFLEX**—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall distributes stresses and strains—prevents ply separation—checks local weakness.
- 2 **PLYLOCK**—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against the short plies tearing loose above the bead.
- 3 **100% FULL-FLOATING CORD**—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.

Goodrich Triple Protected Silvertowns
FOR TRUCKS AND BUSES



ONE model for many watchmen following each other on routes of hundreds of stations, and . . .

ANOTHER for the single watchman covering an entire plant with only a few stations.

THERE are others, of course, to meet the conditions in between, more than a dozen in all—Portable—Electric—Stationary—Detex Watchmen's Clocks.

BECAUSE Detex makes a complete line you can choose the system which meets your needs exactly.

All are approved by the Underwriters' Laboratories, Inc., and the Factory Mutuals Laboratory.

A brief outline of your requirements will bring full information promptly.

DETEX WATCHCLOCK CORPORATION
4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N.Y. Room 800, 116 Marietta St., Atlanta

NB-9



WATCHMEN'S CLOCKS

NEWMAN * ECO * ALERT * PATROL

ceive a similar allowance for each child under 14. The "bangle bounty" is in operation through Australia. Under the law, four pounds are granted the parents of each child born, if their combined incomes do not total more than 208 pounds.

"The four pounds are usually spent for bangles," say the cynics among Australians.

Commonwealth is in business

IT WAS once five pounds a year but the depression forced a cut. In 1933 the Commonwealth had 183,317 old age pensions and 72,292 invalid pensions in force. The State owns, constructs and operates railways and trolley lines, telegraph and telephone lines, savings banks, irrigation plants and cold storage warehouses, all of which are heavy taxpayers in the United States.

When the business pinch made itself felt these drained the state treasury. The State-owned railroads alone lost outright in the five years ending with 1932 some 30,000 Australian pounds, which are now rated at about four dollars.

During the heyday, debts had been entered into recklessly. The Australian Yearbook, a government publication, shows that the 1,053 local authorities reported for 1931 total revenues of less than one-half their expenditures. At this time the exports of manufactures amounted to only 3.33 per cent of the total exports.

In a desperate effort to do what in the United States is called "balancing the budget," expenses were cut ruthlessly, but the total cost of parliamentary government in 1933 came to three pounds six shillings a head, which is approximately the equivalent of one week's work at the basic wage allowed an unskilled workman by the State; and the city and state governments were still to be paid for.

High cost of government

THE cost of the state governments alone averaged something more than five pounds. The public debt for the Commonwealth alone, the states and cities not being included, amounted to about 61 pounds per person in 1933. The consolidated revenue for the Commonwealth alone for the same period was about 11 pounds. The accumulated deficit of the Commonwealth—which is the amount by which the revenues have failed to pay the running expenses—is approximately 17,000,000 pounds according to the Australian yearbook. It is reported by the Associated Press that for the fiscal year just ended a surplus of \$6,510,000 is shown. This is unquestionably due to

a combination of improved wool prices and a devalued shilling.

The sheep's back has a heavy load, evidently, and it is not being greatly lessened by the profits made on exported manufactures. An Australian manufacturer has pointed out that no help, or very little help, may be expected from this source. The legal position in Australia, supported by court decisions, is that a manufacturer who cannot pay his workmen the statutory basic wage should go out of business. He is operating an "uneconomic unit."

The manufacturer's wage costs are governed, however, not by the returns for his product in the market place, but by the living costs of his employees. It may happen—it has happened—that these costs are increased by matters which have not even the faintest relation to the business which employs the workers. A fire may decrease housing facilities and increase rents; a shift in fashion may add to his wife's expenditures, glanders may cut short the supply of butcher's meat, and the cost of the odds and ends of housewifery may be boosted by a strike in Birmingham. If the manufacturer is to continue in production he must be able to meet world competition. It has often been easier to go out of production.

Hard to lower costs

"WE ARE hampered in our efforts to increase production and lower prices by our dealings with the unions," an Australian manufacturer pointed out. "I employ 342 men and deal with 17 different unions. If I have a falling out with one of them the other 16 may down tools. In order to provide work for as many hands as possible, needless costs are piled on us. There was a time when the railroads in the United States operated on three gauges, broad, narrow and standard. You got rid of them. Railroad gauges change at every state frontier in Australia. No state will abandon its favorite gauge to oblige the public or the shippers. Consequently goods must be shifted from one car to another each time a state line is crossed. This provides work for many men, but it is easy to see what a tax it is upon the shipper."

The state control of the basic wage in Australia is compounded of the most intricate simplicity. Each of the six states had its own labor tribunal, empowered to fix wages and conditions of labor. In 1905 the Commonwealth Parliament enacted a law, later backed by a constitutional amendment, by which a Court of Arbitration and Conciliation was set up to deal with all interstate questions



To You They Bring the Evidence, the Records of Time, That Tough Old Tester..

Reading representatives *know* pipe. To you they bring the records of Time, That Tough Old Tester—supported by the findings of eminent engineers—showing where Reading Genuine Puddled Wrought Iron Pipe means **LOWEST** ultimate cost. Consult with a Reading representative about your pipe needs!

READING IRON COMPANY • PHILADELPHIA

Genuine Puddled Wrought Iron Products: Pipe • Bars • Cut Nails
Charcoal Iron Products: Boiler Tubes • Bars

SCIENCE AND INVENTION HAVE NEVER FOUND A SATISFACTORY SUBSTITUTE
FOR GENUINE PUDDLED WROUGHT IRON



IRON FIREMAN

*saves famous hosiery mill
\$1335 a year*



John K. Voehringer, Jr., President, Mock-Judson-Voehringer Co., Inc., Incorporated.

● A direct money saving of \$1335 a year (38%) is the record of Iron Fireman automatic coal firing at the Greensboro, N. C. mill of Mock-Judson-Voehringer Co., Inc., manufacturers of *Mojud* full-fashioned silk stockings. Only 500 tons of low-priced coal are required to heat 120,000 square feet and supply hot water and steam,

according to John K. Voehringer, Jr., President. Iron Fireman burners replaced hand-firing at this hosiery mill and to date they have delivered five years of continuous, heavy duty service.

An Iron Fireman installation should make substantial savings for your business, factory, institution, or home. Just ask for a free survey and report. Models for boilers up to 300 h. p. and for homes. Quickly installed. Convenient terms.

See Iron Fireman at Home Planning Hall, Century of Progress Exposition, Chicago.



The plant of Mock-Judson-Voehringer Co., Inc., Greensboro, N. C.

IRON FIREMAN

AUTOMATIC *Self* COAL FIRING
Regulating

IRON FIREMAN MFG. CO.

3021 W. 106th Street, Cleveland, Ohio

Type of plant:

- ☐ Send literature ☐ Commercial Heating
☐ Make firing survey ☐ Power ☐ Residential

Name

Address

affecting labor. The awards of this court, which are to all intents and purposes equivalent to the NRA codes in the United States, cannot be appealed from, except that the High Court has jurisdiction to deal with questions of pure law as distinguished from findings of fact. That is precisely the position taken by our own Supreme Court in its recent rulings upon the acts of newly set-up administrative bodies.

The Court fixes minimum wage

THE Court of Arbitration—which is the Federal Court—fixes the wage rate for all industries of an interstate character. That embraces almost every industry, for it is easy enough to show that the business of a village baker is in some way affected by the operations of some one in some other state.

The state tribunals, in fact, exist only to grant the workmen in individual industries and in their separate states an increase upon the basic or federal wage. If a manufacturer cannot pay this increase he is not compelled to pay it, but if in one state the costs of operation are slightly less than in a neighboring state, that difference does not go into the employer's pocket but into those of the workmen. The principle of the basic wage was stated by Justice Higgins in what was known as the Harvester Award in 1906:

"The only appropriate standard of a living wage are the normal needs of the average employee regarded as a human being living in a civilized community."

He found that the average cost of food, rent and fuel in the city of Melbourne for a family of a laborer, consisting of a wife and five children, was 32 shillings weekly. To this he arbitrarily added ten more shillings, to cover the other elements of ordinary life. Various decisions of the Court of Arbitration are to the effect that this basic wage is fixed, not by the value of the man's work, but by his needs as a human being, "even if to pay this wage involves the closing down of an industry."

Higher minimum wages

ELDERLY and slow workmen are licensed to work at a lower rate of pay. A secondary or supplementary wage is paid for various degrees of skill, and the unions are allowed to ask from the state courts "minimum wages," which differ from and are an advance upon the federal base wage in a particular state. In 1921, the "Powers' Three Shillings" were added to the basic wage, under a decision by Justice Powers, to secure to the

worker during a period of rising prices the full equivalent of the Harvester Award standard.

Prime Minister Bruce, who recently visited the United States, is of the opinion that, while what appeared to be an ideal machinery for the settlement of industrial disputes had been set up, the result has not been what had been hoped for.

"Arbitration courts have been defied, organizations have flouted the law, and have arrogated to themselves the right to obey the law only when it suits them."

It has been in fact practically impossible to enforce the law against the unions. The employers, comparatively few in number, and with attachable property in plain sight, risk heavy punishment if they refuse obedience:

"But what can you do with a labor union if it twiddles its fingers at the court?" asked an Australian employer. "It is not feasible to put 500 or 1,000 men in jail. It is impossible to collect the fines that may be imposed. No direct action can be had against the union. If a fine is ordered, the union has no money. If its furniture is ordered sold, friends buy it in for a few shillings. The union committee has no difficulty in proving that its members ordered that the court's decision be obeyed. It is impossible to prove what every one knows to be the truth, that the union is in fact obedient to a 'shadow committee.' Try to identify the members of a 'shadow committee' and discover what imponderability really means."

Piecework can't be adopted

THE actual lack of all authority by the courts, except to compel concessions from the employers, is manifested by their failure to compel the unions to adopt the piecework system. In Australia it is known as the "payment by results" plan. The employers see in piece work their only hope to lessen overhead expenses to a point where profits may be made and export traffic increased. The unions are strongly against it. The courts have often pointed out the advisability of adopting the piecework plan, but in no instance have attempted to compel unions to accept it.

The state control of wages and conditions of labor has not succeeded in doing away with strikes, for it appears that in 1932 in all Australia there were 128 industrial disputes, involving 372 establishments and 32,917 workpeople and resulting in the loss of 212,318 days' work and 165,382 Australian pounds in wages. The Court has acknowledged that the plan by which the wage scale is linked to the cost of living, without regard

to the capacity of the employer to pay, has not been wholly successful. It has from time to time reduced the wage scale, but in 1932 admitted in the case of the Commonwealth Railways that:

"When industrial affairs have emerged from their present precarious condition into apparent stability so that a basic wage may be reassessed with some assurance that it can be maintained, a simple system of adjusting that wage to the changes in the cost of living would have to be adopted by the Court."

Whatever may have been the cause, and there can be no doubt that the depression was a considerable factor, the wages paid in 1932 were less by \$52,000,000 than in 1922, there were 42,000 fewer hands employed and the value of the manufactured goods produced was less by \$44,000,000. The actual percentage of union men to the total of men employed was 47.4 per cent in 1932, as compared with 60.9 per cent in 1928, and the percentage among female workers dropped from 41.5 per cent in 1928 to 34.7 per cent in 1932. Some part of this loss in union employment may be among the skilled men, who are able to make larger wages in free competition than when held down to the basic wage plus secondary wage favored by the union.

Analogous to our NRA

THE Australian plan is of especial interest at this time because of the efforts made by the code authorities of the NRA to deal with questions of wages and labor conditions. In essence the Australian and the American plans are not greatly unlike. The Arbitration Court in Australia takes direct action after having heard the contestants on both sides and to the best of its ability enforces its "awards." The judges of the court are appointed for life and it is freely admitted that they have been impervious to influence, no matter from what quarter. Wages and hours are determined by the code authorities under the NRA, presumably representing employers and employees, and in the event that either party refuses to comply there is statutory provision for governmental compulsion. The Australian manufacturer previously quoted is of the opinion that there are many good things in the Australian code:

"But it will never be fully workable," he maintains, "until the law-makers and the court concede that wage rates are determined by many factors in addition to the cost of living. When the profit motive is eliminated, the elimination of industry itself is not far distant."

The control of a great ship depends on FIGURES



Bridge of the French Line S. S. Paris

... so does the control of YOUR BUSINESS

THE most efficient means of business control is yours when you have the vital figures *at your finger-tips*. Timely, accurate figures on sales, costs, inventories, and payrolls draw a vivid detailed picture of your business as it really is. The speed with which you can organize and interpret your figures often determines the difference between profit and loss.

You can collect and compute these figures—in time for them to be of value—through the use of the Comptometer Peg-Board Method. Many organizations of every size are achieving more flexible, more efficient management control—and making large savings in time and money—through this modern business aid.

For detailed information on how it can be applied to *your* business, telephone the district manager of the Comptometer office in your

locality or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.

The Comptometer Peg-Board Combination permits more efficient figure work because:

- 1 It makes use of *original* figures. Does away with the time and cost of recopying, posting. Eliminates the chance of errors.
- 2 It is extremely fast. Gives facts while they are most valuable. Allows for prompt action on rapidly changing conditions.
- 3 It is flexible. Adaptable to most any kind of figure or cost routines.
- 4 It is economical. Savings of 35% or more are not unusual.
- 5 It simplifies the routine of collecting and computing figure facts. Reduces the number of operations required.



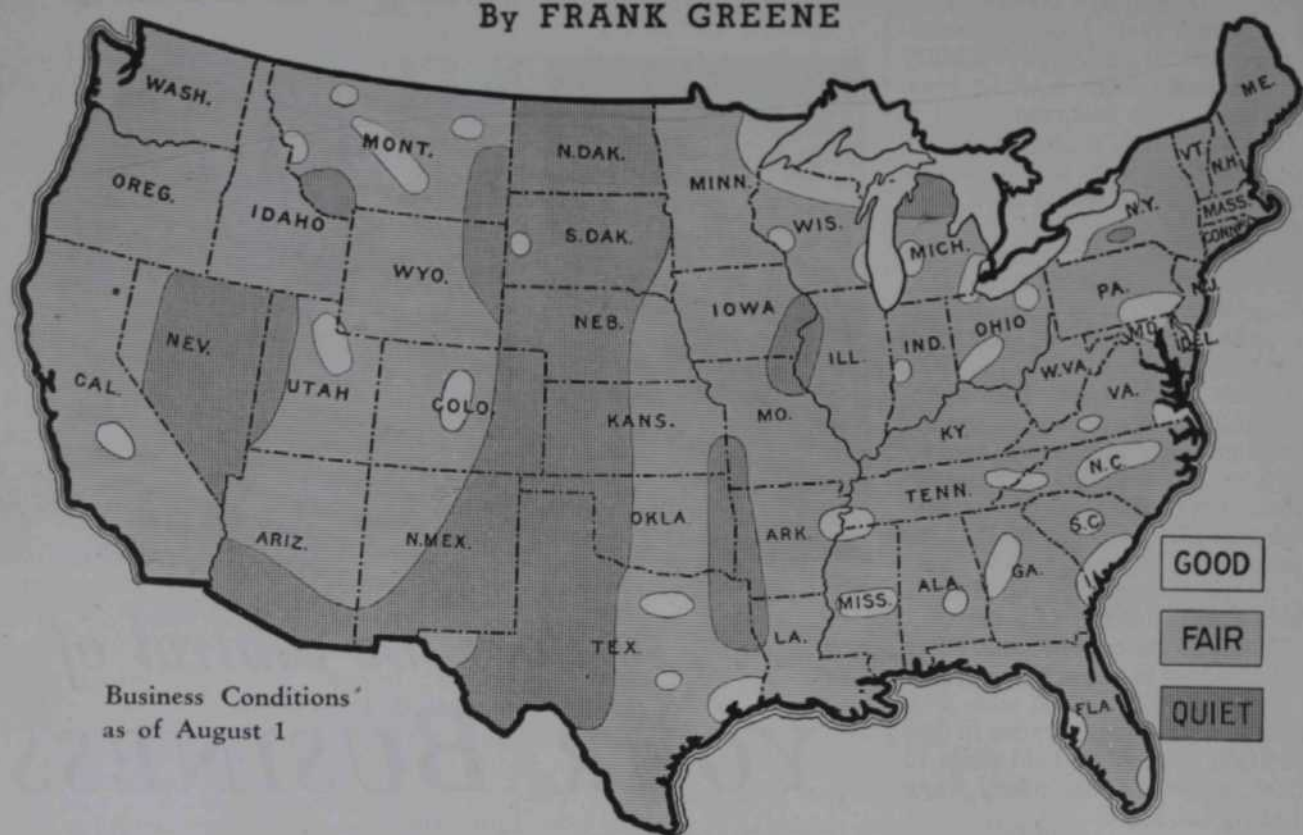
The Comptometer Adding and Calculating Machine. Made only by Felt & Tarrant Mfg. Co.

COMPTOMETER

TRADE-MARK

The Map of the Nation's Business

By FRANK GREENE



JULY industry and trade were quieter, contrasting somewhat with the like month of 1933 with the recovery reaction at its peak. Heat and drought in the western two-thirds of the country and the strike epidemic were quieting factors. The live stock industry was unsettled by a stockyard strike and the moving of cattle from drought areas. The Southwestern Cotton Belt was hurt by lack of moisture.

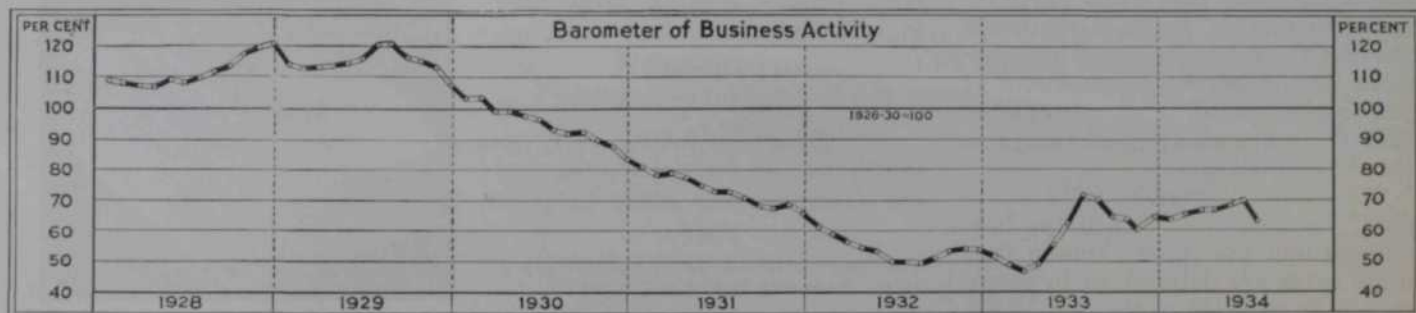
Combined estimates of the four leading cereals indicated the smallest yields in 40 years, with cotton estimates the lowest since 1923.

Immediate effects of the drought were noted in the rise of the Dun & Bradstreet price indexes which are at the high point for nearly four years. Wheat, corn, oats and cotton prices rose sharply. July failures were the fewest and liabilities the smallest since 1920. Textile mill curtailment continued. Early July chain and mail order sales indicated a gain. Export trade rallied as fiscal year ended. Motor buying of steel quieted.

Dry weather damage to trade or crops is more visible in the current map. The advance of the season brings new conditions in other areas. Ending of strikes in the Pacific coast ports lighten that area slightly.



The map of
last month



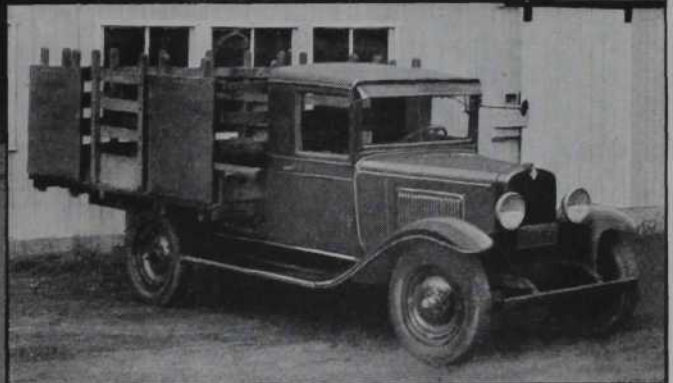
BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The heavy decline in steel output in late June and throughout July explains the sharp drop in the business activity line. Electric power also went off. Other factors held at or above June levels.

YOU SAVE WITH A VALVE-IN-HEAD SIX



And you save most with the bigger, huskier, higher-powered 1934 Chevrolet truck—the lowest-priced Six you can buy



SIX-CYLINDER ECONOMY CERTAINLY SAVED MONEY for this typical Chevrolet truck owner. The Keystone Grate and Blower Works of Chambersburg, Pa., drove this truck 106,420 miles! "It has been averaging 12 to 17 miles per gallon" . . . a great record, especially in view of the kind of loads carried.



The 1934 Chevrolet truck is even bigger, sturdier, and higher powered than the Chevrolets of the past. Fully loaded, it sets a speed on the road that few trucks can equal, and its record for dependability is just as outstanding. These features, you will agree, make it well worth investigating. But Chevrolet engineers haven't stopped there.

Compare Chevrolet's low delivered prices and easy G. M. A. C. terms. A General Motors Value

They have utilized six-cylinder, valve-in-head engine design to give you economy that owners say is without a parallel in their experience. Keep these facts in mind when you are buying trucks, and remember, too, that these Chevrolet features are available for prices among the lowest at which trucks are sold.

CHEVROLET MOTOR CO., DETROIT, MICH.

CHEVROLET SIX-CYLINDER TRUCKS

Some of Those Who Will



PHOTO BY UNDERWOOD & UNDERWOOD

The new National Labor Relations Board, which succeeds the old National Labor Board, exercises final authority in cases arising under Section 7 (a) of the Recovery Act. Left to right: Edwin S. Smith, Lloyd Garrison and Harry A. Millis

WHEN the New Deal was announced, it is doubtful if anyone realized how many new governmental agencies would be needed to put it in practice. These agencies have sprung up so rapidly that there is today some confusion as to just how many of them qualify for separate designations.

A responsible estimate recently set the number at more than 60. A release of the United States Information Service lists 49. The two figures are not necessarily contradictory as several of the organizations numbered among the 60 are solely advisory bodies.

They meet only on call, have no offices and maintain no executive staffs.

Although many of the new agencies are, theoretically at least, emergency organizations designed to speed the way to recovery, others are permanent with the purpose of protecting the people from themselves or from each other or bringing about the fuller life.

One result of these new agencies has been to increase the number of government employees by 100,000. The federal pay roll is now \$89,000,000 a month.

Among the new organizations as listed by the Information Service are: Agricultural Adjustment Administration; Central Statistical Board; Commodity Credit Corporation; Civilian Conservation Corps; Executive Council; Farm Credit Administration; Farm Mortgage Corporation; Intermediate Credit Banks; Federal Land Banks; Production Credit Corporation and Associations; Seed Loan and Crop

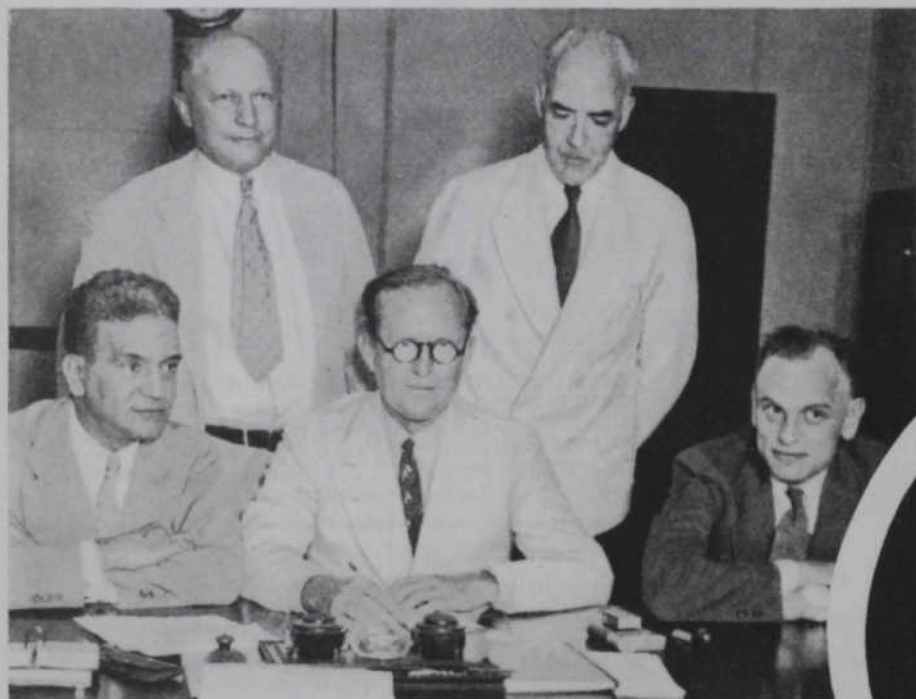


PHOTO BY UNDERWOOD & UNDERWOOD

The Federal Securities and Exchange Commission is charged with administration of the provisions of the Fletcher-Rayburn Act for the regulation of stock exchanges and markets. Left to right: (seated) Ferdinand Pecora, Chairman Joseph P. Kennedy, James M. Landis, (standing) George C. Matthews and Robert E. Healy



FOR NATION'S BUSINESS BY LOHR

Judge E. O. Sykes is chairman of the new Federal Communications Commission. Other members: Thad H. Brown, Paul Walker, Norman Case, Irvin Stuart, George Henry Payne and Hampson Gary

Make New Laws Effective

Production Loan Agency; The Bank for Cooperatives; Alcohol Control Administration; Communications Commission; Coordinator of Transportation; Deposit Insurance Corporation; Public Works Administration; Emergency Housing Corporation; Federal Emergency Relief Administration; Surplus Relief Corporation; Home Owners' Loan Corporation; Housing Administration; Industrial Emergency Committee; National Recovery Administration; Export-Import Banks; Petroleum Administration; Tennessee Valley Authority; Electric Home and Farm Authority; Tennessee Valley Associated Cooperatives.



FOR NATION'S BUSINESS BY LOHR

The new Railroad Retirement Board will administer the new Railways Pensions Act. Left to right: Lee M. Eddy (recommended by rail labor), Chairman Murray Latimer (neutral member) and J. T. Williamson (recommended by rail executives)



FOR NATION'S BUSINESS BY LOHR

Dr. William M. Leiserson heads the new National Railway Mediation Board. Set up under the new Railway Labor Disputes Act, it is the final authority in such disputes. Other members are James W. Carmalt and John Carmody



FOR NATION'S BUSINESS BY LOHR



On June 30 there were 661,094 job holders in the executive branch of the Government alone, 95,662 of whom were added during the year preceding—a new peacetime high. Some of the 87,196 in the District of Columbia are seen at left. Above are would-be jobholders besieging the new Housing Administration

FOR NATION'S BUSINESS BY MCAVOY

No Business Can Escape Change

Change takes no vacation. It is increasingly on the job and increasingly to be reckoned with



A new radio keeps you from forgetting to turn on that program you wanted to hear. Programs can be selected for 12 hours ahead and the radio will start, stop, change stations accordingly

Continuous jointless concrete sewers, conduits, etc., can be built by using a new flexible core which provides an interior form for one- to 24-inch circular openings. It's essentially a rubber hose which expands under air or water pressure, is said to be easily, cleanly withdrawn when deflated. . . .

A new metal conduit for electric cables has a knurled interior finish. The small round knobs produce a "ball-bearing" surface, said to ease the task of pulling the cables through. . . .

Family peace is promoted by a new bed lamp which has two bulbs, so divided under the shade that they give light to both bed occupants, or light to one and darkness to the other. . . .

Those who don't like to come home to a dark house are offered a new floor lamp having a timing device which turns the light on (or off) automatically at any desired time. It's so built that it can be connected similarly to actuate the radio. . . .

There's a new "sofabed" which has bookcases and ashtrays built into its ends; a new bed with bookshelves and lights built into the headboard; another with cedar-lined blanket drawers built into the footboard. . . .

A new combination bathroom fixture supplies a full length tub and 40-inch lavatory within a length of seven feet. The unit also includes a shelved cabinet for linens. . . .

Soft rubber castor cups have been developed which are said to absorb sound and vibration of mechanical refrigerators, washing machines, etc. . . .

One of those versatile electric kitchen mixers has had a new attachment added—a pea sheller said to shell vari-sized pods as fast as they can be fed, with never a pea missed. . . .

Now comes a combination salt and pepper shaker of molded plastic, equipped with a novel metal top which permits dispensing of salt or pepper at the user's pleasure. . . .

The movement toward dressing up the basement is aided by a new chromium-fitted cabinet which houses a standard coal boiler, hides all doors and accessories of the latter. . . .

Housed in a cabinet of modern design, a new automatic gas water heater uses an electric spark instead of a pilot light for ignition, is said to lower gas consumption through a system whereby incoming air is pre-heated. . . .

Washing the dog is simplified by a new device which attaches to the faucet, delivers either soapy or clear water into its brush attachment at the turn of a lever. . . .

When blades need changing in a new, low-priced razor a sealed metal new-blade container's slipped into a slot in the head, a slide is pushed, pulled, and the operation's complete. . . .

Gun cranks are offered a new, complete gun-bluing kit for home use, said to produce a job comparable to the original. . . .

Gas "bullets," said to render a man helpless for up to 30 minutes, are fired by a new pistol. It takes a clip of three cartridges, has an effective range of three to 40 feet. . . .

A liquid chemical, said to deal death and destruction to ants and moles in their own galleries, has been developed. It forms a heavier-than-air gas which penetrates the entire hill. . . .

A recently developed governor permits speed of a passenger car to be limited to any maximum the owner wishes with a few turns of a key. Engine power's said to be unaffected. . . .

An English-made, steam-driven truck which uses bituminous coal for fuel is being shown in this country. It's said to do 400 to 500 miles to the ton fully loaded, to have a top speed of about 50 miles an hour. . . .

A new tailgate for trucks and vans also serves as a power elevator, handling loads in or out of the truck without manual labor. It is operated by a take-off from the motor. . . .

Radio-car cops soon can talk back to headquarters. A practical mobile two-way radio system for this service has just been developed and will have its first use by Boston police. . . .

A new line of chairs and stools for office or shop adjusts to the exact height desired simply by lifting up on the seat, lock at that height instantly and automatically. . . .

A new non-skid base for desk telephones is fitted with a small drawer which springs open at a touch, presenting a memorandum pad ready for writing. . . .

Restaurants are offered a new electric broiler in which a vertical, wire-grilled food-carrying drum slowly rotates between two heating elements. Meats are automatically basted. . . .

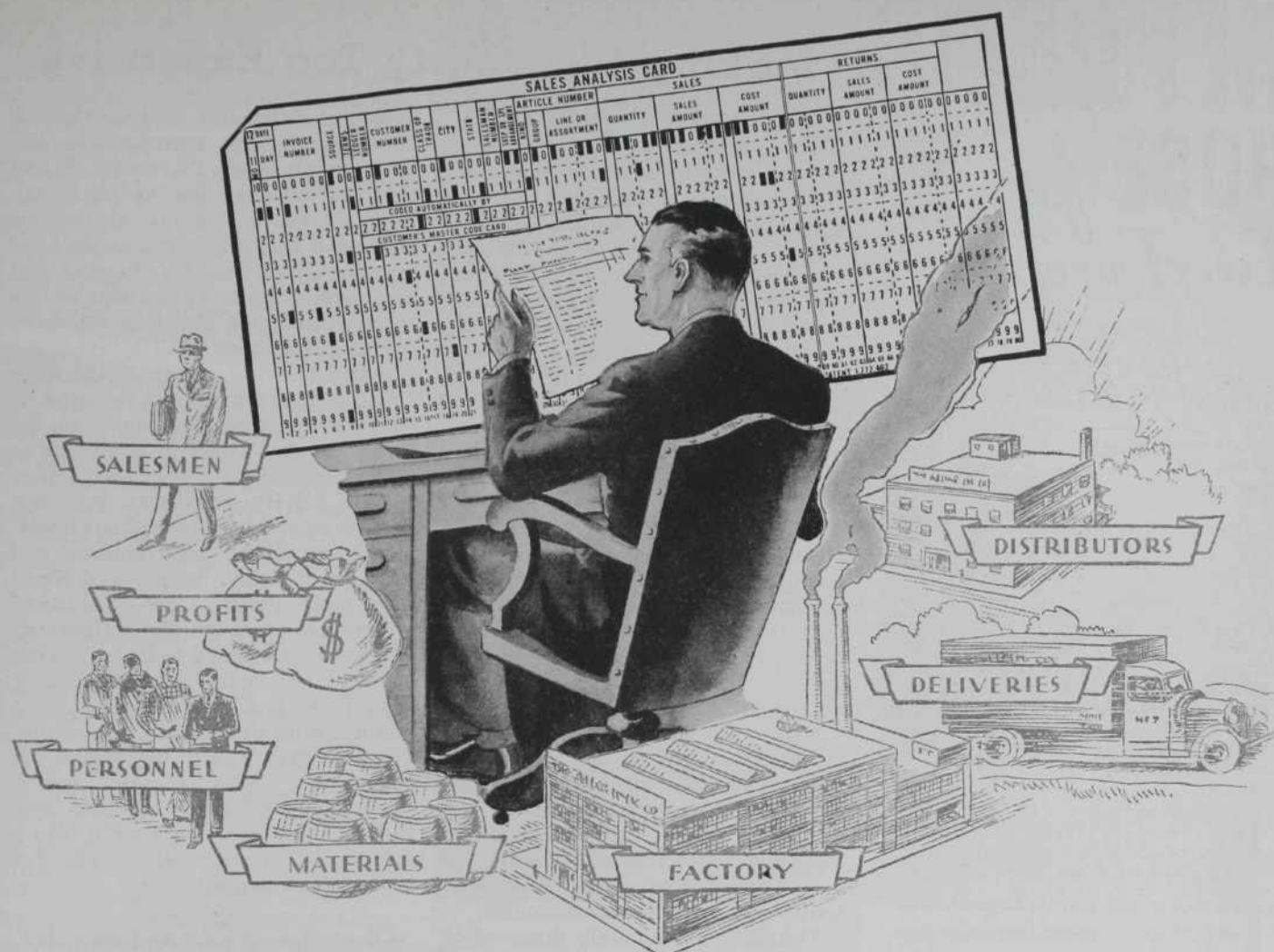
Full-sized, but lighter servings are given by a new ice cream disher. A hole in the bowl allows surplus cream to escape back into the can instead of being compressed in the bowl. . . .

Opening of the oyster season finds a new oyster opener on the market—a machine built of non-corrosive metal which is said to open the most stubborn oyster at pull of a lever. . . .

Cardboard cartons are easily opened with a new tool which quickly, cleanly cuts away the tops. Its blade can be adjusted to pierce varying wall thicknesses, leaving contents unharmed. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



You can be EVERYWHERE

WATCH EVERYTHING WITH PUNCHED CARDS

Business holds no secrets when FACTS are obtained by the International Electric Accounting Method. With International Electric Accounting and Tabulating machines you have accurate, up-to-the-minute knowledge of every branch—every department. You know to a penny your daily operating costs. You keep accurate check on labor, production, material, sales . . . you can be everywhere, watch everything.

The basis of the International Electric Accounting Method is the tabulating card. All business transactions, operating and statistical information are transcribed from the source into these cards in the form of punched holes. These punched cards *automatically* operate the machines

which produce complete printed and tabulated reports.

The speed and accuracy of this method are bringing efficiency and economy to business and government in seventy-nine different countries. Let us show you how International Accounting and Tabulating Machines can be applied to your business—without altering your present set-up. New, illustrated handbook, *The International Electric Accounting Method*, gives valuable information to the modern executive who is seeking the closest possible means of control. Free copy on request.

Other International Business Machines famous for saving minutes, money and material are International Time Recorders and Electric Time Systems, International Industrial Scales, and Electromatic Typewriters.

INTERNATIONAL BUSINESS MACHINES CORPORATION

General Offices: 270 Broadway, New York, N. Y.



Branch Offices in all Principal Cities of the World

REPUBLIC

HOSE *for* Every Type of Service



FOR 33 YEARS, Republic's wrapped, woven, braided and metal or wire reenforced hose have been known for their exceptional quality. Regardless of your hose specifications for conducting air, water, steam, gases, oil, gasoline, chemicals, acid or fluids of any kind—we can meet them accurately

Republic produces hose for withstanding heat, internal or external pressure, or abrasive wear—hose of good appearance, of pronounced flexibility or other required properties. We fill all hose demands for fire fighting, oil well drilling, sand blasting, spraying, etc., and for those special requirements of railroads, dairies, breweries, contractors and a score of other industries. We have made exhaustive researches into applications of every description and offer a highly specialized service.

Write us for literature or any specific information on the types of hose suitable to your particular needs.

THE REPUBLIC RUBBER COMPANY

YOUNGSTOWN, OHIO

Leadership in Policy, Product and Performance.

ORDER
REPUBLIC RUBBER PRODUCTS
FROM YOUR DISTRIBUTOR

Making Dishonesty Too Expensive

(Continued from page 26)

ritory, nationality, aliases, and the distinctive nature of their operations.

The same organization is now providing ledger information so that when a customer orders merchandise the credit man of the firm to whom the business is offered makes a report under a key number. Since every credit man does this, any broadcasting of orders is detected in a central clearance bureau and the scheme nipped in the bud.

Taking over an old firm

BUT the commercial crook does not always operate by means of false financial statements; nor does he confine himself to spiriting away assets. One of the methods often and profitably used is that of purchasing an established business, otherwise known as "buying a reputation."

In New York City, a gang of crooks recently bought an old established firm which had a fine rating, was highly regarded and known to pay its bills. No extravagant publicity was given to the transfer so when the new organization sent out orders, credit men sent the merchandise.

The gang immediately disposed of the goods to their "fences" and presently the creditors were roused to the fact that they had been swindled. In this case, it was possible to show legal misrepresentations at the time the goods were ordered. For example, the names of some of the former partners were signed to letters that went through the mails. The gang was brought to a judicial accounting.

In this connection, it is worth noting that credit men are instructed to preserve the envelope in which a financial statement is sent since this forms the best evidence as to the fraudulent use of the mails.

Another method adopted by the commercial crook is to appropriate a trade name, with trifling variation. This procedure is known as "adopting a reputation."

Last summer wholesalers began to receive worth-while orders from a firm which we shall call the United Dry Goods Company of East Thirteenth Street, New York City. The books showed that the United Dry Goods Company of West Thirteenth Street, New York, was an old concern with an excellent reputation.

Many of the orders were filled, but in Baltimore a credit man began to wonder just why a New York concern, with that city's dry goods market at its door, should be lavishing

orders on Baltimore. He investigated. It appeared that merchandise was arriving on East Thirteenth Street by the front door and leaving at the back to destinations so mysterious that even the truckmen couldn't remember them. But the company had made one mistake. It had sent orders through the mail. This interested the postal authorities. Mail interception revealed the destination of the merchandise and convictions followed on charges of using the mails to defraud. Some \$75,000 in merchandise was recovered.

With all its smartness, however, there is something crude about fraudulently grabbing merchandise and spiriting it away. Spoyer and Steed were more subtle. They established a furniture store and for a time carried on what seemed to be a thriving business. A year's honest trading gave them financial standing, so it was not difficult to stock up heavily. The next task was to dispose of the goods. A "Clearance Sale" netted some \$100,000. Since business was rushing, the cash was stuffed into a safe until it could be sorted out, figured up and deposited.

Disappearing cash and records

BY Saturday night the safe was choked with cash. On Monday morning, however, the partners found that the safe had vanished. With it went cash, bonds, books and other records.

Creditors called in detectives to run down the miscreants. Then certain interesting facts came to light; the corporation's president was a mail carrier and its secretary a stenographer, while Spoyer and Steed had no official ranking, merely owning most of the stock and looking after the money end of things.

Plainly the immediate task was to discover the safe. This was not easy. When results were lacking after weeks of investigating it was deemed possible that Spoyer or Steed might know more about it than had been suggested. Anyway, the electric wires went wrong, and an electrician, who happened to be an investigator, responded to the call. In examining the wires, he went through the upper rooms of the house, the basement being inaccessible to him.

Then Spoyer's gaspipes fell out of repair and the basement had to be explored. Here again was disappointment. Similar troubles occurred in the house of Mr. Steed with no results. Investigation in other directions, however, was rewarded by the

discovery of \$50,000 worth of furniture that seemed to have been shipped by Spoyer and Steed to Fort Wayne. The gentlemen, however, disavowed the shipment and disowned the goods.

Taking the bull by the horns the investigators decided they had enough evidence as to ownership to warrant seizure of the furniture. Still the safe's whereabouts was wrapped in mystery until a disgruntled ex-watchman turned up and told how, on the night of the alleged robbery, Messrs. Spoyer and Steed had been about the premises until late and had then departed in a truck, taking along a tarpaulin-covered object about the size of the missing safe.

Without admitting anything, the associates conceded that facts were a little against them, and as a goat seemed to be wanted, they would agree to take a year and a day and call it square. The attorney, however, was hard-boiled. It took the jury 30 minutes to decide what had happened to the safe, and who was responsible for its disappearance. Spoyer and Steed went to prison.

The idea of the fake robbery was not the exclusive property of Spoyer and Steed. It is a favorite method of solving one of the most troublesome problems of the business crook—how to explain the vanishing of assets whose loss has made it necessary for him to offer his creditors ten cents on the dollar.

When a man fails to pay his bills there is an ascertainable reason. Since every man who is unable to meet his obligations is not necessarily a crook, the reason may be an honest one. The crook has lavished much ingenuity and originality in the production of stories which sound honest.

Giving assets to relatives

IN THEM may be found much of human interest and not a little amusement. Both were to the fore in the story that sought to explain the collapse of the Bay City Supply Company. Here assets of \$30,000 had evaporated in a year. Examination revealed that at least \$15,000 had trickled into the pockets of one Sol Levy. This fact was pointed out to Ben Levy, owner of the concern.

Ben told a pathetic tale. It seemed that he was the son of Sol, and had run, in his salad days, a rather wayward course. A father's love had remained unimpaired so, when Ben turned to the better way, Sol lent him \$15,000 to start in business. Later he doubled this sum. It was old Sol's all. What more admirable or natural, then, than that a son



FORESIGHT In business the far-reaching influence of sound Casualty Insurance has averted many costs which might otherwise have been inevitable. Likewise, individuals have been enabled to reach their objectives without serious financial mishap, simply because the unforeseen had been anticipated before it became reality. ☆ 50 years of experience are behind the casualty and bonding protection offered by the Standard Accident Insurance Company of Detroit. Over a million people are protected by Standard policies . . . over 135 millions of dollars have been paid in claims. ☆ Authorized Standard agents in every section of the nation are especially qualified to administer to your Casualty Insurance and Bonding needs. Request your policy or bond in the Standard of Detroit.

STANDARD writes policies covering Automobile, Personal Accident and Sickness, Burglary and Holdup, Plate Glass Breakage, all forms of Liability, Workmen's

Compensation and Fidelity and Surety Bonds. A national organization of agents, inspectors, safety engineers and claim adjusters insures prompt, satisfactory attention.

STANDARD
ACCIDENT INSURANCE COMPANY
of Detroit

WHY LIFE INSURANCE Bought Direct COSTS SO LITTLE!

You have no agents' commissions or branch office expenses to pay. You deal direct-by-mail with the Company and SAVE! It is significant that in the depression years of 1933 and 1932 Postal Life of New York sold more life insurance than in any other two years of its history. In 1933 its business increased 45% and in 1932, 43%.

Postal offers a guaranteed saving of 9½ per cent per year on every premium (including the first) as well as a contingent (or second) dividend as earned and declared. No other insurance company we know of guarantees dividends.

Postal is a 29-year old safe company that has paid over \$40,000,000 to policy-holders and beneficiaries. It is under the strict supervision of the New York State Insurance Department and is subject to the U. S. Postal Authorities.

Find out what you save on sound Legal Reserve Life Insurance. Just send the coupon indicating the type of insurance. Or fill in the consultation blank as well and we will recommend the kind best suited to your needs. No obligation.

■ FREE INFORMATION—MAIL TODAY ■

Postal Life Insurance Co., Dept. 660
511 Fifth Ave., New York.

Send free information on: ☐ Ordinary Whole Life;
☐ Special \$5000 Whole Life; ☐ Limited Pay. Life;
☐ Endowment; ☐ Term; ☐ Annuities.

Amount of insurance desired.....

Exact date, year of birth.....

Occupation.....

If you want our recommendation, please answer these questions:

Amount of life insurance now in force.....

Total amount premiums paid each year.....

Ages of dependents.....

Annual Income..... Approximate
Debts.....

Name.....

Street and Number.....

City..... State.....

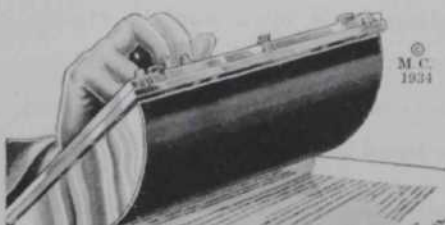
"Ready for the Mail an Hour after Decision was Made!"



"A new price was determined upon at two o'clock; by three full details were ready for mailing to each of our thousand dealers."

... Orders, price changes and instructions are handled by MULTISTAMP with real speed, and at a cost of only a few pennies a hundred.

But this speedy stencil duplicator not only saves money—it will make money for you as well. Advertising circulars, post cards, letters, office forms and folders can be produced completely; typewriting, hand lettering and illustrations may be used. No type to set, no skilled operator needed. Clean-cut beautiful copies, each accurately and easily placed in desired position on page. . . . Complete outfits \$35 and less. The coupon will bring details.



MULTISTAMP

STENCIL DUPLICATOR

The Multistamp Co., Inc.,
529 W. 20th Street,
Norfolk, Va.

Send me samples of MULTISTAMP work and verified facts on how it can aid my business.

Name.....

Address.....

Business.....

should seek to repay the old gentleman. Ben assured his creditors that none of them would ever drop a dollar in the long run; he would toil to his final breath to pay, dollar for dollar, with generous interest. It was a moving story, but the investigators went ahead. They found that Sol had been a charge on his relatives for 15 years. He had none of the signs of affluence. Further probing revealed that Ben had actually paid Sol the sum named and that the cash had been deposited in a distant bank to the credit of one J. Epstein. A bank cashier identified Mr. Epstein as Ben Levy. The money was attached and Ben went to jail.

In New York City a debtor, called to account for the disappearance of assets, told a circumstantial story of loss while riding in or alighting from a taxi; \$4,000 in currency had vanished. It had not been reported to the police, nor had inquiry been made at taxi headquarters. The loser was definite as to date and hour. Rumor intimated that on the day mentioned, the alleged loser was 400 miles away from New York City, with a woman, not his wife. Corroboration might be found in the records of the court in the town of retreat that listed the names of those summoned for violating the speed laws.

Investigation revealed a local deposit by the debtor in question of just about the sum alleged to have been lost.

Fires arouse suspicions

THE fake fire is not as popular as it once was since, coming in conjunction with other suspicious circumstances, it inevitably excites suspicion and the law frowns severely on arson.

Still this method retains some fascination. A few years ago a concern which handled perfumes had a fire in which it claimed to have lost \$100,000 worth of merchandise. The premises were totally destroyed and the basement filled with molten glass. There appeared to be nothing to salvage.

But an investigator, hard-boiled in the pan of experience, picked up some of the molten glass from the basement and took it back to his office. Next, from the people who had supplied the expensive perfumes, he obtained samples of the cut glass bottles in which the goods had been shipped. Then the curious man took a blow torch and melted some of the fine cut glass and compared the result with glass taken from the fire. The resemblance was of the slightest.

With this as the basis of further inquisitive operations he was able

presently to discover that, just before the fire, the highly-priced perfume had been shipped elsewhere while the warehouse was packed with a low-grade perfume. The crooks pleaded guilty.

The padded pay roll is useful, within limits, as aiding in the explanation of shrinkage of resources. A cloak and suit company in New York City went into bankruptcy and its books showed that, at a certain period, some 30 men were on the pay roll at high wages. This seemed probable until it was recalled that precisely at this period the establishment was shut down owing to a strike. The money supposed to have been paid out to the high-priced workmen went into the pockets of the bankrupts.

Another bankrupt in the Central West decided that a good way to dispose of stock was to make a cash sale of most of it, thus making it unnecessary to record the name and address of the purchaser. In this case it was not difficult to trace matters out and crooked seller and buyer went to jail. The purchaser had paid about ten cents on the dollar for the goods and he and the vendor had planned to go into business in a distant part of the country using some of the goods as initial stock.

Fraud is not criminal, and consequently is not punishable by imprisonment which is the punishment a crook fears. Legislation has to be framed cautiously, lest the honest though unfortunate man be hurt. Then the matter of motive and intent has to be considered, since facts in themselves may be misleading, and when one comes to the matter of intent the gift of omniscience is sometimes required, and few of us possess it. So the rascal often gets free of the punitive law under the skirts of the honest, though unfortunate, man.

Robbery within the law

THERE was the case of Herman Adams, who operated in one of the central states. Cultivating a reputation for business integrity, he placed large orders for merchandise, being careful to keep away from the use of the mail and to operate alone. In due course the goods came along.

A lady's man, Herman spent freely. He did not intend to pay his creditors and he never did. They had allowed him to induce them to ship him goods; they took trading chances on insufficient data, and the laugh was on them. Herman went away leaving his victims to make the best of things.

Had he lived in Pennsylvania, he

might have been detained under the Absconding Debtor Act. Of course, any creditor could have taken out judgment against him, and many of them did, but judgments never bothered Herman. He could not be charged with larceny since title to the merchandise had passed to him. In short, so deftly had he skated over all patches of thin ice that, although he had actually stolen his creditors' money, he had done so without committing legal fraud.

Had he, in bankruptcy proceedings, been discovered secreting merchandise or concealing assets he could have been punished. As matters have been described, he could laugh in the faces of his creditors. As the law stands Herman could have sold his entire stock of merchandise, spent the money and committed no crime.

Of course, had the buyer demanded a statement as to his liabilities and received a false one, the criminal side of the law might have been enforced.

Restrictions on bulk sales

NOWADAYS there are Bulk Sales laws in most states, and these generally provide that no man may buy more than 50 per cent of a trader's goods without serving notice to the seller's creditors that he is about to take over the stock. In addition to this, the actual papers of transfer must be put on record in the office of the county clerk. Should the purchaser fail to heed these provisions, the creditors may recover the goods or the cash proceeds, but as between debtor and creditor there has been no crime committed.

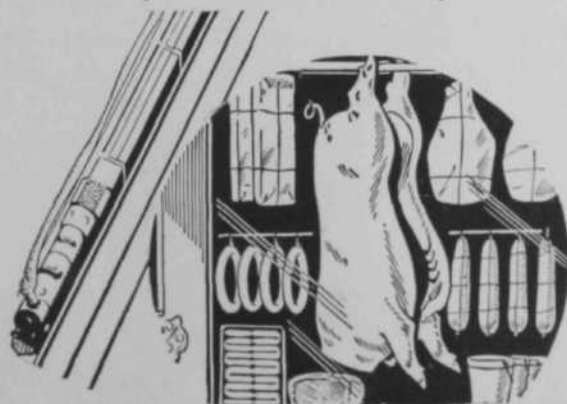
Suppose Herman, before taking advantage of the Bankruptcy Act, had ordered a large amount of merchandise and had it shipped to him under the assumption that he was financially sound, he would have committed no crime, providing he had made no false statement to induce shipment. The goods might be stopped in transit, if the truth came out in time, or civil suit might be instituted to recover possession, but so far as Herman and the criminal law were concerned, they were as far apart as ever. As the famous English Chancellor put it,—"There are few laws through which a coach and six may not be driven."

One of these gaps is to be found in the difference between the preferential payment that is legal, and that which is illegal. Suppose Herman owed his Bank \$3,000, and suppose he paid it. Even though the note were not due when the \$3,000 was taken out of the business and applied on

"THIS LITTLE PIG WENT TO MARKET" *...in a hurry*



● Pigs on the hoof in Chicago soon become pork in eastern markets. Erie plays an important part in this speedy transition from stockyards to counter. Erie's careful handling and fast hauling of livestock and poultry reduce shrinkage, increase the shippers' profits and lower shipping costs. ● To shippers of all types of freight Erie's on-time delivery service presents time-saving and profit-making advantages. When specifying routing of shipments consult the Erie representative in your territory. His services are yours for the asking.



THE HEAVY DUTY RAILROAD

TO THE 17,061 AGENTS

WHO REPRESENT

THE HARTFORD FIRE INSURANCE COMPANY
and
THE HARTFORD ACCIDENT AND INDEMNITY CO.

You as Hartford Agents, know of the Hartford's 124-year record of honorably meeting its obligations but this story may be unfamiliar to many property owners who need guidance in choosing a sound, time-tested insurance company. To help such property owners organize their insurance thinking along sound lines the Hartford has provided you with the annual statements of the Two Hartfords and with much other instructive literature. There is evidence that these documents have already performed a genuine service by furnishing helpful information as to what constitutes a sound company and suitable protection against many dangers which threaten property interests of all kinds. If you have need of an additional supply of these documents we shall be glad to send you as many as you wish.



TO THE PUBLIC:

Our agents are home-owning, tax-paying citizens, active supporters of Chambers of Commerce, charitable institutions, and other civic enterprises. They can and do render valuable insurance service to property owners. In many communities our agent's name is listed under "Hartford" in the telephone book. If it isn't so listed write the Hartford Fire Insurance Company, Hartford, Conn.

the note, he could not be punished unless proof were forthcoming that would put the matter beyond all doubt, and that ordinarily is impossible.

Again, had Herman failed to keep books, he could not be punished. The creditors might revile him as lazy, indifferent, ignorant, but there is no legal obligation to keep books. But, if it were shown that he had kept books, and had concealed or destroyed them, he could be punished.

Assume further that Herman was hard pressed by a creditor and decided to appease him temporarily by sending a check for past due bill. Should the check come back unpaid for lack of funds, there would be no criminal liability in most states, since these provide that there must be intent to defraud. No material gain having come to Herman as the result of passing the check, the criminal law would have nothing to say about the matter.

If, however, with the check had gone an order for more goods, and, in faith as to the soundness of the check, the merchandise had been shipped, he would have committed a criminal act.

Obviously, along the same lines, if a check is given in payment for merchandise at the time of shipment, or to obtain a C. O. D. delivery of goods, the act proves the criminal intent.

Easier for genuine bankrupts

IN REACHING and branding commercial crooks the Amended Bankruptcy Law has been of utmost service and it may be recalled that the Amendments were sponsored by the credit men.

The fundamental purpose of the law is, of course, to relieve the honest debtor of obligations he is unable to meet. The new law does not make things harder, but rather easier, for the business unfortunate.

No law has yet been devised that will wholly extirpate crime, and doubtless we shall always have the crook with us, but he is now on the run. He is no longer so brazen. This has not been effected without cost and it is estimated that as much as a million dollars annually is being spent by business to run down the commercial crook, but it will be increasingly difficult, as the years go by, for crooks to win a living from criminal business practices.

It may be hopeless to expect to teach wisdom to the ingrained crook, but it is possible to make his un wisdom so costly and inconvenient that he may be induced to wonder whether or not, after all, honesty might be more prudent and pay better.

Government's Grasp on Banking

(Continued from page 32)

ly that it has not been necessary to use this device for meeting governmental deficits through direct aid of the Reserve Banks.

Among the clauses in the Thomas Amendment tending to inject greater influence by the Secretary of the Treasury into Federal Reserve affairs was one providing that "the Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve Banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue credit expansion."

Greenbacks may be issued

ANOTHER provision extended the Secretary's power over purely monetary matters by permitting issuance of greenbacks up to \$3,000,000,000. The greenbacks or United States notes under the language of the Amendment might be issued "only for the purpose of meeting maturing federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States."

On the final day of the first session of the Seventy-third Congress, June 16, 1933, the Banking Act of 1933 was enacted.

This law did not originate with this Administration. It had its roots in a study begun two years before by a subcommittee of the Senate Banking and Currency Committee headed by Senator Carter Glass, Virginia Democrat, who, when the Federal Reserve Act was passed, was chairman of the House Banking and Currency Committee. Senator Glass was disposed to strengthen the power of the Federal Reserve Board and the Federal Reserve Banks and to divorce them more completely from governmental or political influence. In the main, the final law tended toward this end but some concessions were made to the Administration, notably in the retention of the Secretary of the Treasury as an *ex officio* member of the Federal Reserve Board. The early drafts of the Glass Bill which were pending late in the Hoover Administration had provided for his elimination.

Testimony before the Glass subcommittee had been to the effect that there was a drift toward Treasury domination of the Federal Reserve



His Most Gracious Majesty William the Fourth

From the original painting by Hy. Dawe, Esq.

Hail **THE KING!**

There will be no regrets tomorrow if you go along with King William V.O.P. today. Here is a mellow old Scotch whisky that will agree with you. Call for it in the cafes and serve it in your home. The price is only a little more and you'll respect its age. Every case is delivered from an U. S. Customs bonded warehouse. Sole U. S. Distributor, Bluebell Importing Corporation, Graybar Building, New York.

KING WILLIAM IV



SCOTCH WHISKY



JOHN GILLON & CO., LTD., Established 1817

GLASGOW and LONDON

By Appointment to His Late Majesty, King William IV

This advertisement is not intended to offer this product for sale or delivery in any state or community wherein the advertising, sale or use thereof is unlawful.

UNFENCED NEXT DOOR



But CYCLONE FENCE KEEPS OUR PLANT SAFE

"Originally we put that fence up to stop petty thieving by having complete control of exits and entrances.

"Then we found it allowed us to put one of our night watchmen on a new job as warehouse man. The fence allowed us to keep our weather-proof stock in the yard thus providing added storage space.

"Next we noted we had no more loafers or unwanted visitors, thus avoiding possibility of injuries and consequent liability.

"Then came that riot in the next plant—but we needn't go into that.

"Our fence has been up several years now and apparently will be up for many more. That means the cost per year is and will be very small. It paid us to check over the claims, reputation and prices of Cyclone Fence Company before we had this fine job installed by a trained Cyclone crew and with no worry to ourselves."

A Cyclone Chain Link Fence, in spite of its low cost, provides a permanent safeguard, with virtually no upkeep expense. You may become familiar with its many advantages without obligation. Today, write for complete information. Address Dept. N.B.

Cyclone Fence

REG. U.S. PAT. OFF.

Cyclone Fence Company

General Offices: Waukegan, Illinois

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

BRANCHES IN PRINCIPAL CITIES

Pacific Coast Division:

Standard Fence Company

Oakland, Cal.

Cyclone—not a "type" of fence, but fence made exclusively by Cyclone Fence Company and identified by this trade-mark.



system. The chief instance of such domination was the maintenance of low rediscount rates in the period just after the World War as a means of facilitating the floating of the Victory Liberty Loan whereas the inflationary movement then getting under way called for a sharp increase. The inflation thus encouraged was followed by the collapse of 1920.

Trying to keep out politics

SENATOR Glass, a former Secretary of the Treasury, believed that governmental influence upon policies of the Federal Reserve Board should be lessened by the elimination of this official as an *ex officio* member. However, the Emergency Banking Act already had pointed the way toward an increase in the power of the Secretary of the Treasury over banking affairs and, at the direct request of the Administration, Senator Glass withdrew his proposal. The final version of the law made slight change in the status of the Secretary of the Treasury, but this was merely a gesture toward lessening his power. While he remained an *ex officio* member of the Board the law provided that "at meetings of the Board the Secretary of the Treasury shall preside as chairman." The Federal Reserve Act had designated him as "*ex officio* chairman." The Governor of the Board has been from the start the executive officer.

One provision of the Banking Act of 1933 which tended to increase governmental power over the banks was that which provided for federal insurance of bank deposits. This was not in the original Glass Bill but was incorporated at the insistence of some of the House Banking and Currency Committee members aided by Senators outside the membership of the Senate Banking and Currency Committee, notably Senator A. H. Vandenberg, Michigan Republican.

The board of directors of the Federal Deposit Insurance Corporation, of which the Comptroller of the Currency is an *ex officio* member, has broad powers over not only members of the Federal Reserve system who automatically qualified for participation in the temporary insurance fund but also over such non-member state banks as elected to take advantage of it. This authority will be increased if recommendations to be offered by the Administration in the next session are approved.

The outstanding enactment of the second session of the Seventy-third Congress tending to infringe upon the province of the Federal Reserve system was the Gold Reserve Act of

January 30, 1934. Under this Act, the Treasury took over all the gold owned by the Federal Reserve Banks and the Banks were given gold certificates as the basis for the issuance of currency. By taking over the gold at the old value the Treasury profited to the amount of \$2,811,000,000 by reason of the increment resulting from the reduction in the weight of the gold dollar.

The Reserve authorities consented to this although the Reserve Banks might have been regarded as entitled to the benefit of any increase in the value of their gold.

By holding the gold reserves of the currency system, the Treasury has taken this central banking function from the Reserve Banks. It has obtained other powers in connection with the \$2,000,000,000 stabilization fund created from the gold profit.

Most important of the provisions of the Gold Reserve Act from the standpoint of banking and credit control were the powers conferred upon the Secretary of the Treasury for the three-year life of the stabilization fund.

Congress brushed aside the testimony of expert witnesses who pointed out to the Senate Banking and Currency Committee the dangers involved in the use of the stabilization fund.

Opposed grants of power

AMONG those expressing fear that the powers given to the Secretary of the Treasury would threaten the independence of the Federal Reserve system were the board of directors of the Chamber of Commerce of the United States. In a statement presented to the Senate Committee by T. R. Preston, president of the Hamilton National Bank of Chattanooga, and W. P. Gephart, vice president of the First National Bank, St. Louis, the Chamber urged that the Secretary of the Treasury should be given no powers in connection with the stabilization funds which were not directly necessary for the stabilization of the dollar in foreign exchange and that safeguards should be provided against the possible weakening of the Federal Reserve system. Others who felt that the law would nullify the powers of the Federal Reserve Board and Federal Reserve Banks included Roy A. Young, former governor of the Federal Reserve Board and present governor of the Federal Reserve Bank of Boston; W. Randolph Burgess, deputy governor of the Federal Reserve Bank of New York; Owen D. Young, a director of the Federal Reserve Bank of New York; Benjamin M. Anderson, Jr., economist of the Chase National

Bank, and Walter W. Stewart, former director of research for the Federal Reserve Board and former economic adviser for the Bank of England.

The stabilization fund is available for the use of the Secretary of the Treasury not only for the purpose of stabilizing the exchange value of the dollar but also for purchasing government securities. It was made possible for the Treasury to bolster the price of its securities in the market by practices comparable to manipulations of corporate security prices which are condemned in the new stock market regulatory law.

In the Secretary's discretion

THE tendency to give the Secretary of the Treasury a measure of authority over the Federal Reserve Banks cropped out again in the Loans to Industry Bill enacted in the closing days of the second session. Instead of requiring the Secretary of the Treasury to give outright to the Federal Reserve Banks \$140,000,000 as reimbursement for their investment in stock of the Federal Deposit Insurance Corporation—the money to be added to an equal amount of existing surplus and used for loans to industry—the house conferees forced adoption of a provision which allowed the Secretary of the Treasury to use his discretion. The \$140,000,000 is to come from the \$2,810,000,000 profit realized by the Treasury on the gold taken from the Reserve Banks. The money may be advanced at the will of the Secretary of the Treasury to the Reserve Banks which must pay it back over a long period.

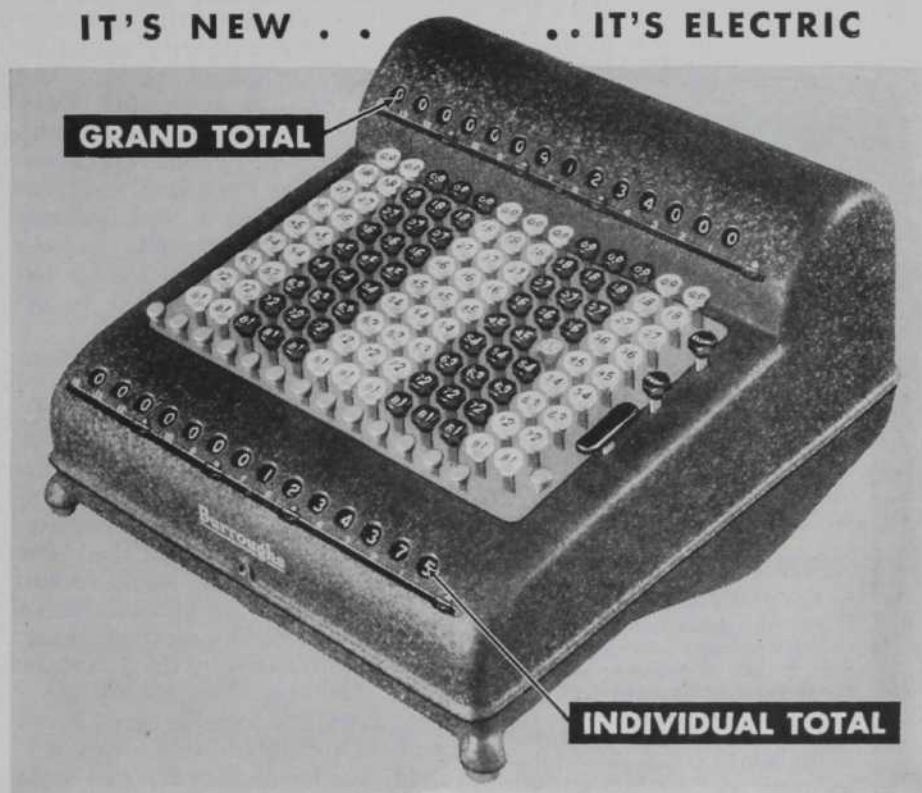
The proposal for a federal monetary authority, first advanced while the Gold Reserve Act was under consideration, was sidetracked by the Administration. This, however, did not foreclose possible approval at a later date. The House Banking and Currency Committee undoubtedly would have reported the Monetary Authority bill favorably but for the intervention of Secretary of the Treasury Morgenthau who asked that the Treasury be allowed a year in which to try out the Gold Reserve Act. The Bill as re-introduced in perfected form by Representative T. Alan Goldsborough, Maryland Democrat, on March 22, after extensive hearings before a subcommittee was patterned after the original measure of Frank A. Vanderlip endorsed by the Committee for the Nation.

The Goldsborough Bill would provide for the surrender of the functions of currency issue and control of credit to the federal monetary authority. The Federal Reserve Board

Burroughs

DUPLEX CALCULATOR

IT'S NEW . . . IT'S ELECTRIC



ACCUMULATED TOTALS . . Touching the motor bar transfers the individual totals from the front dials to the rear dials where they accumulate as a grand total.

FASTER SUBTRACTION . . An entirely new feature provides the simplest and fastest method of subtraction on any key-actuated calculating machine.

FRACTIONAL CENT . . The machine gives, or takes, the half-cent as desired; or it accumulates fractional amounts in the normal way.

ALL ELECTRIC OPERATION . . Every operation—including clearing and transferring—is performed electrically at the touch of a key or motor bar. Electric operation is fast and positive.

This new Burroughs is so new and different—it saves so much time and money on such a wide variety of calculating jobs—you will surely want to see it demonstrated on your own work. Telephone the local Burroughs office, or write direct.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

BURROUGHS CALCULATORS

PAGE FENCE



I insisted
ON A
Fence
around our plant

• PAGE FENCE pays for itself. It protects against those who incite destruction, lessens fire hazards, makes all property available for storage. 82 Page Service Plants blanket the country. Write to Association headquarters or any one of the District Offices shown below for name of Page Service Plant nearest you.

PAGE FENCE ASSOCIATION

Bridgeport, Connecticut

District offices in

NEW YORK, PITTSBURGH, ATLANTA
CHICAGO, SAN FRANCISCO

America's first wire fence—since 1883

SAFEGUARD YOUR HEALTH

Avoid chronic illness by consulting your family physician periodically. It may be that in your case he will feel it desirable to have his efforts supplemented by the regimen, supervised diet and continued observation of the specialists of this institution. Ask him about Battle Creek.



BATTLE CREEK SANITARIUM
DEPT. 4345 BATTLE CREEK, MICHIGAN

Reprints

of articles appearing in Nation's Business will be furnished at cost of printing in quantities of 100 or more. Write to:

NATION'S BUSINESS • Washington • D. C.

would remain in existence but with lessened prestige. The Federal Reserve Banks with their huge forced holdings of government obligations would continue to be rediscounting agencies for commercial banks.

By a gradual process, the monetary authority would issue currency which would supplant all existing varieties. It would have power to buy and sell gold and silver, foreign exchange, government securities and bankers' acceptances and to rediscount eligible paper for Federal Reserve Banks. The gold now held by the Treasury would be shifted to the monetary authority. The authority would be under a mandate to restore and maintain the 1926 purchasing power of the dollar. The authority would be composed of five directors appointed by the President and confirmed by the Senate with salaries equal to those of associate justices of the Supreme Court of the United States. The directors might be removed only by impeachment.

Even more extreme in its effect upon the Federal Reserve system is another federal monetary authority bill introduced in the closing days of the session by Senator Bronson Cutting, Republican of New Mexico. Under the Cutting Bill the Federal Reserve Board would be abolished. The Federal Reserve Banks would remain in existence but the stock in these banks, now owned by member banks, would be purchased by the Secretary of the Treasury. The federal monetary authority, composed of seven members appointed by the President for 14-year terms with salaries equal to those of associate justices of the Supreme Court, would have all the powers now vested in the Federal

Reserve Board. It would have sole power to issue currency. It would have power to inflate the currency for the purpose of increasing commodity prices through its use in the payment of ordinary or emergency expenses of the Government. It would have control over all banking institutions in the United States, including state banks which are not members of the Federal Reserve system.

Government ownership proposed

A BILL by Senator Elmer Thomas, Oklahoma Democrat, also introduced in the closing days of the session, does not create a federal monetary authority but would have the Government take over the ownership of the Federal Reserve Banks. It provides for the substitution of United States Treasury notes for all existing forms of currency. Prices would be controlled by the Federal Reserve Banks in connection with the purchase of government obligations.

As many authorities view the proposals for complete Government control over the banking machinery it means placing in the hands of political appointees power over all credits by commercial banks.

The movement for some form of federal monetary authority is not necessarily antagonistic to administration policies. It represents an advance beyond steps thus far taken by the Administration. Whether the movement attains sufficient strength to result in the enactment of legislation hinges largely upon its attitude. In any event, the issue will assume increasing importance in future sessions of Congress.

How Business Views Housing

(Continued from page 18)

The actual selling of a modernization job to the property owner will be largely handled by individual contractors, building-materials dealers, and others. Contractors and dealers should obtain information issued by the Housing Administration. They should also familiarize themselves with the procedure for applying to local lending institutions for loans, so that they can assist property owners. Further assistance can be given through preparation of specifications and cost estimates.

Contractors and suppliers can also assist the customer by getting competitive bids on the several items involved in the proposed work or, where the customer desires, by providing a lump sum bid for the entire job. In any case, they should help the customer arrange for financing the job through a

single loan which he can repay in monthly installments. Contractors and dealers can work out details in this connection with local lending agencies.

They should bear in mind, however, that some 50 per cent of customers who undertake such improvements because of the availability of an easy-payment plan decide, after completion of the work, to pay for it outright in order to save the interest and service charges on a loan.

Success of the program, so far as the local contractor and dealer are concerned, depends upon how well they merchandise their services. In this merchandising they will do well to cooperate with their local chambers of commerce and other civic agencies, and likewise with manufacturers of materials by acting on the merchandising plans and suggestions which many of the latter pro-

vide. More important than all else, they should take pains to provide the customer with an up-to-date and efficient service.

As for manufacturers and producers of building materials and fixed home equipment, the Housing Program clearly calls for their placing new emphasis on promotion, merchandising and selling plans which will stimulate consumer demand for their products and otherwise aid dealers in getting those products into consumers' hands. Manufacturers have, of course, long recognized the importance of such plans, but with the extensive publicity which the Housing Program is receiving they are presented with new opportunities to reap tangible benefits by intensifying present efforts along these lines. They should bend every effort to promote the program to their dealers and stimulate the latter to promote it to local property owners.

Banks and other local lending agencies should keep abreast of special regulations pertaining to their part of the program as they are issued. Lending agencies desiring to participate must apply to the Federal Housing Administration, Washington, D. C., for a "contract of insurance" which when approved will protect them against all losses on insured loans up to 20 per cent of the total of such loans made by them. After approval of the contract, all loans which an agency makes in compliance with regulations are automatically insured, and this at no cost to the agency or the borrower.

So much for the immediate meaning of the Housing Program to business. With the modernization and rehabilitation phase launched, attention will be turned to the second part which has still more important potentialities to business. This is the mutual mortgage insurance plan. Of chief interest to business is the promise which this plan holds for new home construction. To indicate the potential market and what such construction will mean to business I need only quote a section of the Durable Goods Industries Committee's recent report to the President:

Home building has fallen far behind normal requirements. According to recent statistics, the number of dwelling units provided for each 10,000 of population was

in 1925	121.8
Average in 1921-30 decade	92.5
in 1931	21.4
in 1932	5.9

Many families are still living "doubled up" and it is estimated that approximately 2,000,000 additional homes will be needed to meet this situation.

We may assume an annual need of 400,000 new homes per year. At an average cost of \$5,000 for each home, this means an annual expenditure of \$2,000,000,000.

Detects and Reports fire



FIRE DETECTING and reporting should be **AUTOMATIC** because, as every fireman knows, "The first five minutes at a blaze are worth the next five hours."

The AERO Automatic Fire Alarm makes the first breath of flame announce itself and summons trained fire-fighters without a moment's delay. The heat of the incipient outbreak acts like a finger pulling a fire alarm box.

AERO is ideal where automatic sprinklers are impractical. The fire detecting element consists of continuous lengths of small copper tubing about the diameter of a match. It is easily and quickly installed and is maintained by A.D.T.

Regardless of insurance, watchmen or type of construction, the safety of your property and the continuity of your business require A.D.T. Protection Service. Substantial economies usually can be effected...may we tell you how? Descriptive literature on request.

See our Exhibit at A CENTURY OF PROGRESS, Chicago (Electrical Building)

CONTROLLED COMPANIES OF
AMERICAN DISTRICT TELEGRAPH COMPANY, 155 SIXTH AVE., NEW YORK, N. Y.

- A. D. T. INSTANTLY DETECTS AND REPORTS FIRES IN SPRINKLERED AND UNSPRINKLERED BUILDINGS...KEEPS YOUR SPRINKLER SYSTEM OPERATIVE...PROTECTS AGAINST UNLAWFUL ENTRY...SUPERVISES AND ASSISTS WATCHMEN

ADT Protection

against
FIRE • BURGLARY • HOLDUP

A NATION-WIDE SERVICE

New Ideas in Selling

Presenting some current examples
of forms in which advertising men
take their own medicine

THREE pamphlets came across our desks recently from as many advertising agencies. The pamphlets interested us both in themselves and in the ways they seek to sell their sponsors' services. They follow:

When the Channel Shifts¹

Most of us who have read Mark Twain's "Life On The Mississippi" have chuckled over the perplexities and discouragements of the apprentice pilot.

You may remember the youngster's chagrin when, after having "learned" hundreds of miles of river—fixing every rotten log and hidden snag firmly in his mind—he discovered that these supposedly permanent landmarks were constantly changing. . . .

We who deal with durable goods and capital services have seen many changes in landmarks.

Some of the old snags which used to bother us have been swept away by a swift current; some of the old obstructions have gone for good. That new snags and obstructions have taken their places is no more than could be expected in the process of evolution.

What we may not yet have fully comprehended is the way in which the channel, itself, has altered.

Of course we realized that it is not the broad, easy channel which we knew so well in the 'twenties. Nor is it on the whole, the narrow, tortuous one through which we picked and scraped our way during the last few years. Yet it is ex-



tremely difficult to determine how greatly it has changed.

This difficulty is, in great measure, due to the very fact that the water has risen sufficiently to hide, for the moment, the extent of the alteration.

It is natural, on the average, that we will make more headway this year than last year, even though we be duller of eye and slower of perception. It is reasonable to suppose that we will be able to sell more merchandise, even if we do a worse job of selling than we have done. It is no exaggeration to say that we may well be able to show a better record.

Conditions are more in our favor, instead of being persistently against us. The wind is at least partly at our backs

instead of beating viciously in our faces.

Nevertheless, the channel is different. This country will never be the same again as it was in 1932 or in 1929 or in any other year. Markets are changing in unfamiliar ways. Competition has taken on a different aspect. There are new problems of distribution.

All of this means that it is easy to appear better and be worse . . . easy to get into backwaters that lead nowhere . . . easy to get too close to dangerous sandbars.

To deal adequately with things as they are—and as they will be—we must be keener merchandising managers, keener salesmen, keener advertisers than we have been before.

The real problem of selling in 1934 is how we can accomplish more and get more for the same amount of effort, and how we can do this at a profit.

We must determine more accurately than we have in the past what combination of men and advertising will work best for us. We must determine which of the selling functions will continue to be performed by men, and which can be done more quickly, at lower cost and to greater advantage by advertising.

Change, certainly, is not to be feared. Even though it may have to be fought, it should be utilized.

And during this period of change, the alert, the well-equipped, the wisely-counseled can again make sound progress and continue to make it.

The Greatest Advertising Story Ever Told²

The most robust advertisement in United States history was written by a young man said to be "almost as sensitive as a woman." His name was Thomas Jefferson.

When he came to Philadelphia to join the Continental Congress in June, 1776, three bloody battles had been fought at Lexington, Concord and Bunker Hill.

George Washington, who had hurried to Cambridge to take command of the American army, needed something that would advertise the determination of the colonists to be free. A committee of five Congressmen was appointed to write this document. All hastily passed the buck to Jefferson.

Within a few days he produced copy for the Declaration of Independence.

A few small additions were made on it by John Adams and Benjamin Franklin. Then it became time for the shy Jefferson to submit it to Congress for approval and publication.

Benjamin Harrison was one of the first to speak. He said: "There is but one word in this paper which I approve, and that is the word 'Congress'." . . . Another Congressman moved to strike out the words "unfeeling brethren" as applied to the people of England. Other

members of Congress made equally silly remarks. . . .

For three days they wrangled on.

We have been interested to compare Jefferson's original manuscript with the final version. About 400 words were cut out. Strong phrases, in many cases, were changed to weak ones. By the third day, July 4, the sensitive Jefferson was seen to be "writhing."

One of the oldest men in the room, Dr. Benjamin Franklin, came over at this point and laid a fatherly hand on Jefferson's shoulder.

"I have made it a rule," he said, "to avoid becoming the writer of papers to be reviewed by a public body. I took my lesson from an incident I shall relate to you." In spite of the heat, in spite of the



wrangle over his manuscript, Jefferson smiled.

I took my lesson (began Franklin) from a young companion who was about to open shop as hatter. His first concern was to have a handsome signboard with a proper inscription. He composed it in these words:

JOHN THOMPSON

Hatter

Makes and Sells Hats
for Ready Money.

But he thought he would submit it to his friends for their amendments. The first friend thought the word "Hatter" redundant, because it was followed by the words "makes hats" which showed he was a hatter. It was struck out.

The next friend observed that the words "makes hats" might as well be omitted, because customers would not care who made the hats, if good and to their mind. He struck it out.

The third friend said he thought the words "for ready money" were useless, as it was not the custom of the place to sell on credit. These words were parted with, so the inscription now stood

JOHN THOMPSON

Sells Hats.

"Sells hats?" said his next friend. "Why nobody will expect you to give them away; what, then, is the use of that word?" It was struck out and "hats" followed it, as there was a hat painted on the board. So the inscription was reduced ultimately to:

JOHN THOMPSON

While Franklin told this story the wrangle over the wording of the Declaration continued. At last a number of horseflies from a neighboring livery stable came buzzing through the un-screened windows of the old Philadelphia State House and bit the Congressmen through their long silk stockings. Suddenly they stopped debating and wanted to go to their inns or homes. . . .

One by one they stepped up and signed.

This was the greatest act of their lives. The world calls them Signers now. Autographs of even the most obscure of these signers sell for enormous prices—merely because they stopped "correcting" the copy, at last, and put their names to it.

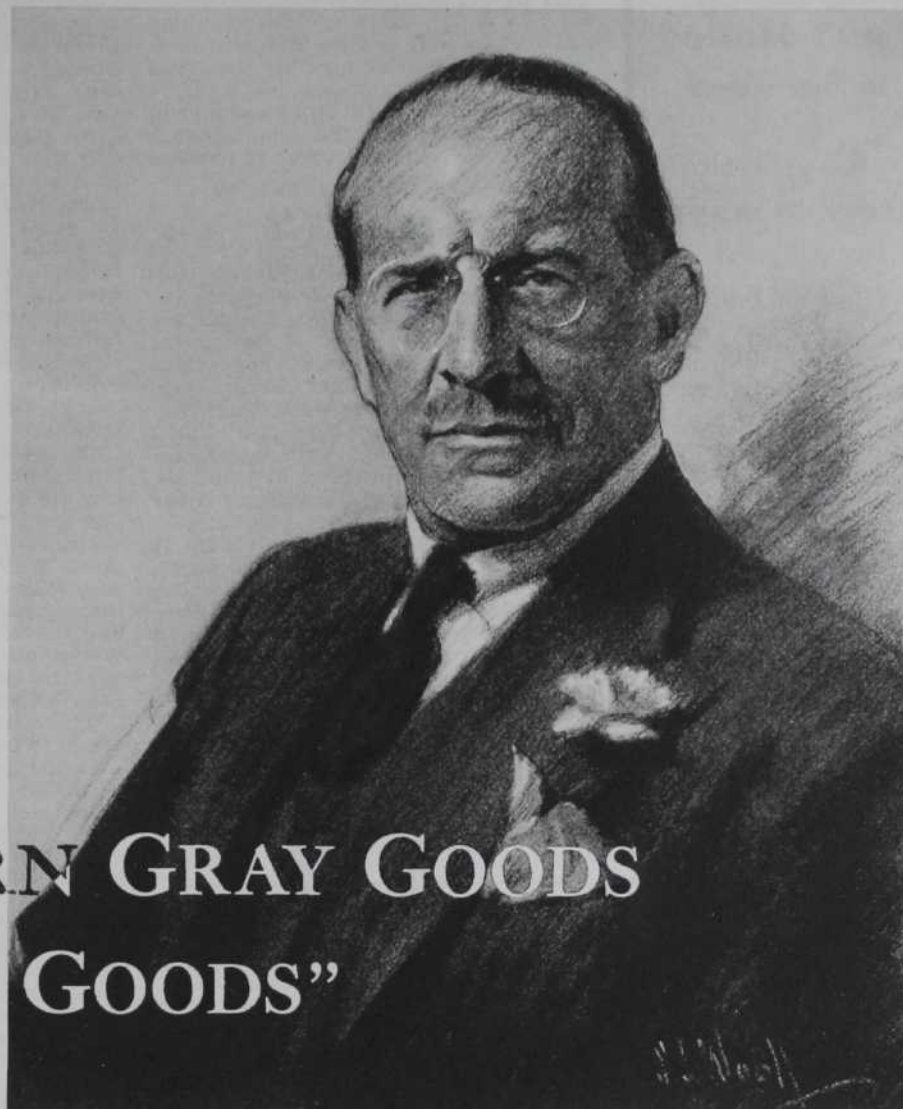
Those horseflies made history.

Every advertising man who must submit copy to a board of directors or

¹Copyright, 1934. The Buchen Company, Chicago.
²Copyright, 1934. Kimball, Hubbard & Pawel, Inc., New York.

*"Helped by your
silvery metal*

WE TURN GRAY GOODS into GAY GOODS"



DR. CAMILLE DREYFUS, *President of the Celanese Corporation of America, discusses the problem of the textile manufacturer*

"CELANESE fabrics have won a reputation for unusual clarity and 'bloom.' With color so important a part of the fashion picture today, a textile manufacturer must be up to the minute not only in his ideas, but in his equipment to produce the right colors at the right time.

"To keep pace with the rapid changes of fashion, Celanese fabrics are made in the *greige* before they're dyed. Then as new colors develop sudden popularity, we run these 'gray goods' through our vats and kiers.

"Monel Metal helps us at every step. It saves time between tints, because its smooth hard surface absorbs no color, needs no extended boiling out or lengthy cleaning. And so it cuts down *materially* the time between orders received and orders shipped.

"Moreover, in contact with dye-stuffs, Monel Metal is *stable*. It doesn't react with the dye bath, and that's a big help in keeping our shades invariably true. It's doubly important this season when the demand is all for clear pastels of great brilliance...such typical Celanese tints as 'perfume green' and 'yachting yellow.'

"Monel Metal also cuts down repairs to dyehouse equipment due to wear, and replacements due to failure. It helps us render to our customers the *prompt* and *unfailing* service that they expect of Celanese."

* * *

Monel Metal is widely used in textile

THE INTERNATIONAL NICKEL COMPANY, INC., 67 Wall St., New York, N.Y.



Monel Metal is a registered trademark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.



bleaching and finishing plants and in laundries. Also in chemical works and in plants that produce fine drugs and pharmaceuticals. And by food packers and canners, by hotels, restaurants, and hospitals.

Your own kitchen...with its Monel Metal sink, cabinet tops, range top, table and hot water tank...demonstrates the qualities of the metal that make it popular with the public. Folks prefer to buy products that are rust-proof, readily cleaned, not easily marred, and enduringly beautiful.

If you are not using Monel Metal in your business, investigate its possibilities. Write, today, for information.

Monel Metal

How Can I Make All This Secure?

That's the question asked by everyone who has achieved a measure of the good things of life. Send for our booklet, which gives the answer briefly and simply.



Send my copy of "Answering An Important Question"

Name

Street and No.

City State

N.B. 9-34



Insure
against shipping damage
with **Kimpak**
CREPE WADDING

The American Air Filter Company, Inc., of Louisville, Kentucky, use KIMPAK to protect their product, the Airtard Electric Ventilator, from shipping damage. The Ventilator is packed in a wire-bound box with all corner posts, contact points and the top hold-down strip well padded with KIMPAK. The package of folded Airtard Filter Sheets, shown on the top of the Airtard, are placed at the front of the box to prevent damage to the front of the machine.

Protect your product economically against marks, scratches or rubbing by the use of KIMPAK, the most adequate insurance against shipping damage.

KIMPAK is a soft, resilient, fluffy crepe wadding, free of dirt, grit and foreign substance. It comes in rolls, sheets or pads, in various thicknesses—plain or backed with Kraft (smooth, creped or waxed).

KIMBERLY-CLARK CORPORATION

Chicago, 8 So. Michigan Ave. Neenah, Wis., U. S. A.
New York Los Angeles
122 E. 42nd Street 510 W. Sixth Street

other large committee feels a certain kinship with Thomas Jefferson.

To us his example is strongly inspiring. We prefer, like Benjamin Franklin, not to show copy to large bodies of men. But we realize in all humility that even when all the corrections are made, a good piece of copy will still have enough force to immortalize the company that signs it. Our constant effort is to write good copy.

No-Man's Land³

In spite of all their mistakes, railroads created America. They established American cities. They made possible our industrial system. Most of our farms exist because of railroads. They place fresh fruit and vegetables in every market 12 months in the year. They pay good wages to more than one million people. Eighteen billion dollars of American savings are invested in railroads. The United States would collapse if the railroads did.

So, of course, we all hate railroads. . . . In spite of all their mistakes, public utilities are largely responsible for our way of living. They have lifted drudgery from housework. They have brought comfort, leisure and convenience. They have saved eyesight. They have deterred crime by keeping cities lighted. . . . Utilities have revolutionized industry.



. . . Their securities are owned by millions of people. They have served us well. So, of course, every one hates public utilities.

In spite of all its mistakes, the steel industry has built America. Its titanic enterprise has contributed the warp and woof of American prosperity. Almost everything in this country that is modern and better is so because of steel. So the best we can say for the steel industry is that it is predatory, an oppressor of labor and feudal.

The enormous development of American industry would have been inconceivable without the vision, courage, intelligence and vast resources of American finance. More than 80 billion dollars of the people's money are soundly invested in the great industries, railroads and utilities by means of financial institutions. Finance has erected a credit structure which multiplies by many times the volume of business possible on a given amount of national capital. It maintains open markets where the day-to-day values of securities are determined, making such securities almost as liquid and marketable as a dollar bill. In spite of all its mistakes, finance organized America.

So naturally the whole country rejoices over legislation designed to clamp a set of teeth in the leg of finance.

Scattered all over America are important industries around which have grown up prosperous communities. In the aggregate, they employ millions of men and women. They are the chief support of churches, hospitals and all civic advantages. They are the backbone of business. So, many of these industries are disliked by the people, and are continuously hampered by

antagonism and petty persecution.

What is the origin of this quarrel between the people and the edifice of our prosperity? Why is any demagogue who threatens to tear down that edifice fairly certain to land somewhere in Washington? Why do we hate railroads, utilities, steel, finance and many of our great industries?

It isn't merely the hatred of the common people for the wealthy. For these basic structures are owned very largely by small investors. The people either own the stock outright, or indirectly through life insurance and savings-bank deposits. Losses suffered by railroads, utilities, steel, industries and finance fall heavily on the poor. Profits won enrich millions of common people.

It isn't that we hate success. It isn't because a rascal or a fool upsets an apple cart now and then.

The real trouble is that the people have always been kept in ignorance regarding most utilities, steel and finance, and until recently have been told little about railroads and other basic enterprises. Serving the people, owned by the people, making money for the people, these great forces of our economic life have nevertheless remained aloof from the people. . . . A few railroads have tried to establish better relations, and have benefited from the effort.

Where there is ignorance there is bound to be suspicion.

Acquaintance is the beginning of friendship.

The policy of silence pursued by railroads, utilities, steel, industry and finance has done great harm. It has left in the public mind a no-man's land of ignorance, suspicion and dislike which separates these great services from the people—a land without law or order where evil things are done. The time has come for these services to get acquainted with the people of America and wipe out the menace of this no-man's land.

There is no earthly reason why railroads should not stand as well with the public as the automotive industry does; why every utility should not win public friendship as American Tel. & Tel. has done; why steel should be less popular than insurance companies; why finance should not share the confidence enjoyed by savings banks; or why any industry should not have the good will accorded General Electric. All the public wants is to know the facts.

In every village, there is one man whom everybody hates. He is often the squarrest man and the best citizen of the village. But he pursues a policy of silence. In time the legend grows that he is concealing things, is furtive and a schemer, is robbing the people. He is too proud to be friendly or to explain. When he makes mistakes, as any man will, they are rated as crimes. . . . If he gets into difficulties, as men do now and then, the virtuous villagers are pleased that his doom has overtaken him at last.

When the railroads, utilities, steel, finance and industries have public relations like those of the hated villager, they always suffer for it. Their securities collapse more speedily in a panic. When labor troubles develop, they cannot count on the support of public sympathy. In a competitive situation, they are not fortified by popular preference.

If railroads, utilities, steel, finance and other basic industries should decide to wrap up their policy of silence and store it in the attic along with the old silk hat and frock coat, the people would be glad to get acquainted with them and no-man's land would disappear.

³Copyright 1934. Batten, Barton, Durstine & Osborn, Inc., Advertising, New York.

The Future of NRA

(Continued from page 28)

ute, such as I suggest, may well be given reasonably broad interpretation.

In the light of the decisions to which I have referred, it may be asserted:

1. That there is no basis for the federal regulation of a business which is truly local in character, is carried on exclusively within the limits of one state, and does not substantially affect interstate commerce; such activities, if regulated, should be regulated by the states themselves. The Federal Government can, however, approve such local codes, and the members will then be free from any threat of prosecution under the federal antitrust laws;

2. That the authority of Congress to regulate business is not limited to strictly interstate business, but may also regulate local business which is in the stream of interstate commerce, or which materially affects or burdens interstate commerce; but such regulation must be limited to the removal of the burden from interstate commerce;

3. That if practices in production burden or substantially affect interstate commerce they likewise come within the federal power of regulation, provided the burden to interstate commerce is clearly shown;

4. That the Federal Government is deeply interested in the orderly conduct of interstate commerce, and has authority to prohibit any and all unfair methods of competition which affect such commerce;

5. That a criminal statute is always closely construed, while a civil statute is frequently given a broad construction;

6. That when the overwhelming majority of the members of a trade or industry declare a certain practice to be unfair and unethical, the courts will give great weight to such declaration.

With these understandings, what lines of business may we expect to be legally regulated under the NIRA, or any act which takes its place?

First will come practically all of the large manufacturing, producing, and mining industries of the country—in fact, all except certain small concerns that carry on a purely local business and whose competition does not materially affect interstate commerce. Within this group will be found the natural resource industries—such as coal, oil, lumber and the metals—and the manufacturers of steel, cement, automobiles, textiles, etc. It will include the handlers and processors of important agricultural products, such as stockyard companies, flour mills, and the like.

It will not include the service trades or store-keepers doing a purely local business, such as the barber, the butcher, and the baker. These, if regulated at all, must be regulated by the states so far as such regula-

tion is permissible without violation of the Fourteenth Amendment. It may include the partial regulation of the large department stores, chain stores, and mail-order houses. It will not include the local trolley or the local utility unless they affect interstate commerce or are in its stream. If my interpretation of the law is correct, the NRA will have to abandon not only fair practice regulation of the service trades and the local stores but any attempt to regulate their minimum wages or maximum hours.

In my view, the constitutional limits are also practical limits. This country is too large to be regulated from Washington, and the Federal Government should not attempt to replace the authority of the states in matters that are local in nature. To attempt to do so will result in the building up of a bureaucracy of untold size and authority, and will inevitably stifle the genius of American business life which in the last century and a half has wrested a continent from the wilderness and built up a civilization far superior to that of any other nation.

Many years ago the Supreme Court, considering the consequences of attempting the regulation of all business from Washington, said:

If such power was vested in Congress and denied to the states, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multifarious, and vital interests, which in their nature are, and must be, local in all the details of their successful management. It is not necessary to enlarge upon, but only to suggest, the impracticability of such a scheme, when we regard the multitudinous affairs involved, and the almost infinite variety of their minute details.

Delegation of legislative power

THE constitutional question may be raised as to whether Congress has improperly delegated its authority to the President under the National Industrial Recovery Act. It is a well-established principle of law that within clearly defined limits Congress can delegate authority to the President. For instance, under the existing Tariff Act the President may, on the findings of the Tariff Commission, increase or decrease the existing duties by 50 per cent, but the law provides that this can be done only when the Tariff Commission shall find that the cost of production is greater or less abroad than at home. Thus, Congress has laid down a rule under which the President may act.

NOISE

*is always
a Liability*

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

**Work in Quiet
With**

PAINTABLE PERMANENT
ACOUSTI-CELOTEX
TRADE MARK REGISTERED U. S. PATENT OFFICE

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Quiet and peace are not luxuries. They pay dividends. An effective and permanent sound-absorbing material on walls and ceilings—like Acousti-Celotex—is worth many times its moderate cost.

It is worthwhile because Acousti-Celotex sound-absorbing tiles subdue noise, create quiet, remove a common cause of jangled nerves, promote efficiency and save energy.

In planning for any new building, or in arranging for repairing and remodeling of present offices, noise quieting should be regarded as of major importance.

How to Select the Right Material

The selection of the right material is vital. Architects favor and specify Acousti-Celotex because of many definite superiorities, among which are *paintability* and *permanence*.

As to maintenance, if the material is Acousti-Celotex you may paint it as often as need be without loss of efficiency. Patented perforations, 441 per square foot, provide access for sound waves to the inner absorbent material.

Acousti-Celotex is easy to apply to new or old ceilings. Clean it with brush or vacuum cleaner. Provided in modern rectangular units that lend themselves readily to decorative patterns.

The cost of Acousti-Celotex is less than formerly. Get the facts from the Acousti-Celotex contracting engineer in your city; or write direct for specific information or descriptive literature.



THE CELOTEX COMPANY
919 No. Michigan Ave., Chicago, Illinois

PAINTABLE PERMANENT
ACOUSTI-CELOTEX
TRADE MARK REGISTERED U. S. PATENT OFFICE

They want more GROUP INSURANCE

Many establishments which have taken group insurance have later increased the amounts. Employees gladly contribute for the revised benefits—enlightening testimony from those who know.

Further facts available
to interested employers.



THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE: Newark, N. J.

One Year From Today What Will You Be Earning?

This may be the most important year in your life! Your whole future is apt to depend on how you take advantage of present business changes.

The "New Deal" is opening up new jobs, creating unusual opportunities, bringing back prosperity. But that does not insure prosperity for you. Only you can insure that.

For months—maybe years—employers will be able to pick and choose out of the millions now unemployed or dissatisfied with their work and pay. Naturally they will pick the men with most preparation and ability.

You should—you must—make yourself quickly more valuable—to protect what you have and to insure getting your share of the promotions and pay raises. It is being done by OTHERS—it can be done by YOU!

Ask us to send you full details about our new spare time training, and to explain how it prepares you to meet today's demands and opportunities, also about our salary-increasing plan. If you really are in earnest, you should investigate at once. Check your field below, write your name and address, and mail.

LaSalle Extension University Dept. 9374-R Chicago

Send me, free, the facts about the demands and opportunities in the business field I have checked—and about your training for that field.

- | | |
|---|--|
| <input type="checkbox"/> Higher Accountancy | <input type="checkbox"/> Industrial Management |
| <input type="checkbox"/> Expert Bookkeeping | <input type="checkbox"/> Modern Foremanship |
| <input type="checkbox"/> Business Management | <input type="checkbox"/> Business English |
| <input type="checkbox"/> Traffic Management | <input type="checkbox"/> Law—LL. B. Degree |
| <input type="checkbox"/> C. P. A. Coaching | <input type="checkbox"/> Commercial Law |
| <input type="checkbox"/> Grocery Store Management | <input type="checkbox"/> Stenotypy |
| <input type="checkbox"/> Modern Salesmanship | <input type="checkbox"/> Effective Speaking |

Name

Present Position

Address

He is not given broad and unlimited powers to change tariffs by 50 per cent; the changes must conform to definite findings as prescribed in the Act of Congress.

I will not attempt to say whether or not the duties which have been delegated by Congress to the President under the existing NIRA are too broad. That is a question which only the Supreme Court can answer. But I do say without hesitation that, in any new law enacted to replace the existing law, Congress should very definitely lay down rules under which the President may act, and the more definite and specific those rules are the more probable it will be that the Supreme Court will sustain their constitutionality. The legislative power clearly belongs to Congress, and if it permits the President by executive order to take effective action, there should be no ambiguity as to the rules under which the President must act.

Labor clauses

SECTION 7 (a) of the National Recovery Act has been the subject of much discussion and criticism, favorable on the part of labor and unfavorable on the part of many employers. I am not going to discuss the wisdom of the section, but merely to consider certain of its aspects. Subdivision One of Section 7 (a) provides that employees shall have the right to organize and to bargain collectively through representatives of their own choosing. There can be no doubt as to the legality of such a provision. The Supreme Court has repeatedly sustained the right of labor to organize and to bargain collectively. There can also be no doubt as to the propriety and legality of a provision that the representatives to be chosen for collective bargaining shall be chosen "without the interference, restraint, or coercion of employers of labor or their agents"; but there can be very broad objection to the one-sided and partial prohibitions of this portion of Subdivision One. If it is proper, and I believe it is, that labor should have the right to choose its own representatives without coercion on the part of the employers, it is equally right that the employers should insist that their employees be free from the coercive influence of labor unions or others.

It should be carefully noted that the words used are "interference, restraint, or coercion." These words do not mean that an employer cannot argue with his men as to the desirability of a plant committee, freely chosen, as against a committee that is representative of some national labor organization, and it is equally

true that the members of a national organization may properly present and argue their case with employees. I do feel, however, that in any reenactment of Subdivision One of Section 7 (a) the rights and prohibitions should be reciprocal. The right of argument should lie with both the employer and the labor union, and the prohibitions against interference, restraint, or coercion should likewise lie against both parties.

There are, however, certain strong constitutional objections to Subdivision Two of Section 7 (a), which reads as follows:

That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

The right of an employer to employ whom he will and of an employee to work for whom he will, provided a suitable bargain can be made, is a property right protected by the Fifth and the Fourteenth Amendments to the Constitution. This is clearly set forth in the *Adair* case, decided by the Supreme Court in 1908, and in the *Coppage* case, decided in 1915.²

On the basis of these two cases, and of other cases of almost similar clearness, it would seem that Subdivision Two of Section 7 (a) is unconstitutional, and that an employer does have the legal right to say to a prospective employee, "I will not employ you if you retain your membership in or join a specific labor union."

While at first thought this may seem like rather a harsh legal provision, the history of American industry has well proved the merits of the free and unhampered right to

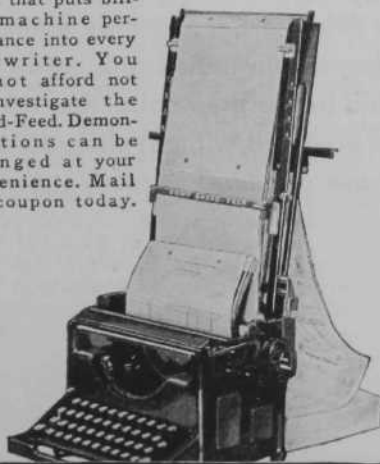
²The original Newlands law, passed in 1898, prohibited a railroad engaged in interstate commerce from discharging an employee because he was a member of a labor union. *Adair*, who acted for the Louisville and Nashville Railroad, was indicted for violating this provision of federal law. The facts of the case were admitted. The question at issue was whether or not this provision of the Newlands law was constitutional, and the Supreme Court held that the railroad had the right to determine whom it would employ, that being a property right guaranteed to the railroad under the Fifth Amendment. It held that to deny such freedom to a railroad would mean a lack of power which not only jeopardized its property right but might well jeopardize the safety of the public. There have been and are today in this country organizations which openly preach sabotage and the destruction of property. Certainly an employer must have the right to exclude the members of such a labor organization from his employ.

The *Coppage* case was a similar case arising under the provisions of the Fourteenth Amendment. The state of Kansas had passed a law similar to the Newlands law. *Coppage* was indicted for discharging a man on account of membership in the Switchmen's Union of North America. In that case the Supreme Court held that such a prohibition by a state was as unconstitutional as a similar prohibition by the Federal Government. In connection with these railroad cases it is scarcely necessary to add that nothing in the Supreme Court's decision in *Wilson vs. New*, dealing with the Adamson law of 1916 regarding railroad hours and wages, affects these decisions about an employer's right, even when the employer is a public utility, to determine for himself whom he will employ.

Perfect Alignment? Certainly! and in addition

1. No change in typewriter construction and operation or additional parts required.
2. Uses full width of forms.
3. Perfect alignment accomplished by the Speed-Feed itself by means of no other holes in forms than those ordinarily used for filing purposes.
4. Instantly attached or detached.
5. Makes every typewriter a dual purpose machine—a typewriter one minute, a billing machine the next.
6. Light in weight—adds no burden to the operation of the typewriter.
7. Uses Egly continuous forms.
7. Eliminates the use of costly pre-inserted (one time) carbons.
8. Positive automatic carbon feeding and withdrawal—nothing to cause carbons to tear, wrinkle or crumple up.
9. Up to 300 sets of forms with one set of carbons.
10. Increases the output of written forms as much as 50% per operator.

Only in the Egly Speed-Feed can you find all these advantages, because Egly is the one practical, fool-proof, unfailing attachment that puts billing machine performance into every typewriter. You cannot afford not to investigate the Speed-Feed. Demonstrations can be arranged at your convenience. Mail the coupon today.



EGRY SPEED-FEED

The Egly Register Co., Dayton, Ohio.

Send complete information on Egly Speed-Feed Systems. N.B. 349

Name.....

Kind of Business.....

Address.....

City..... State.....

Limited territory available for high type sales agents. Write for details.

seek employment or to give employment; and it should be remembered that the converse is true and that if an employer has the right to say to an employee, "I will not employ you if you are a member of the American Federation of Labor," the employee on his part has a right to say to the employer, "I will not work for you unless all of your employees belong to the union of which I am a member."

In conclusion, the decisions of the Supreme Court alone can determine the final extent to which codes authorized by federal statute may regulate business, and these decisions will follow one by one through the years until ultimately they will clearly define the scope and limit of federal power. But Congress is faced by the necessity of either permitting the NIRA to expire or of enacting a new law to take its place. I cannot believe that business or the country desires the present act to expire without a proper substitute to take its place. It, therefore, becomes of the utmost importance that the country as a whole should consider the form of the new law not only from its practical aspects but from the standpoint of the probable legal and desirable limits of federal power. We are not now considering an amendment to the Constitution. We are now considering the form of a new law which will conform to the Constitution as it now exists.

Changes suggested

THE new act may well follow the general form of the present Recovery Act, but I suggest that it contain the following changes:

1. That it do not contain a provision permitting the President to impose codes;
2. That it do not contain licensing provisions;
3. That it be in the form of a civil rather than a criminal statute, and
4. That the labor clauses contain provisions permitting labor to bargain collectively through representatives chosen by labor, without coercion, either from employers or others, and that they omit any attempt to limit the right of an employer or of an employee to decide with whom he will enter into employment relations.

The NRA has a broad field of usefulness in permitting industry, with the approval of the Government, to adopt fair rules for the conduct of business. These rules must not be imposed in a bureaucratic manner; and they must be rules which will not stifle American initiative, which will not attempt to regiment business, and which, it is reasonable to assume, will be held to be within the constitutional power of the Federal Government.



WAITING FOR YOU TO OPEN YOUR DOORS

IN your business, in every business, the four profit-destroying, business-wrecking elements of Waste, Mistakes, Forgetfulness, Temptation, Carelessness are taking their cut. Stop this steady loss with an Egly Register System! Know what is going on in your business—have complete control over every transaction, speedily, accurately, inexpensively.

There is an especially designed Egly Register System for your business. Mail the coupon for complete details. Don't let Mistakes, Forgetfulness, Temptation, Carelessness destroy your business, when complete protection with an Egly System is so easy.

THE EGRY REGISTER CO.
Dayton, Ohio

Manufacturers of Egly Speed-Feed Systems, Typewriter and Billing Machine Attachments, Egly Register Systems and Printed Business Forms.



Sales agencies in
all principal cities.

EGRY TRU-PAK

The Egly Register Co., Dayton, Ohio. N.B. 349

Send complete information on Egly Register Systems.

Name.....

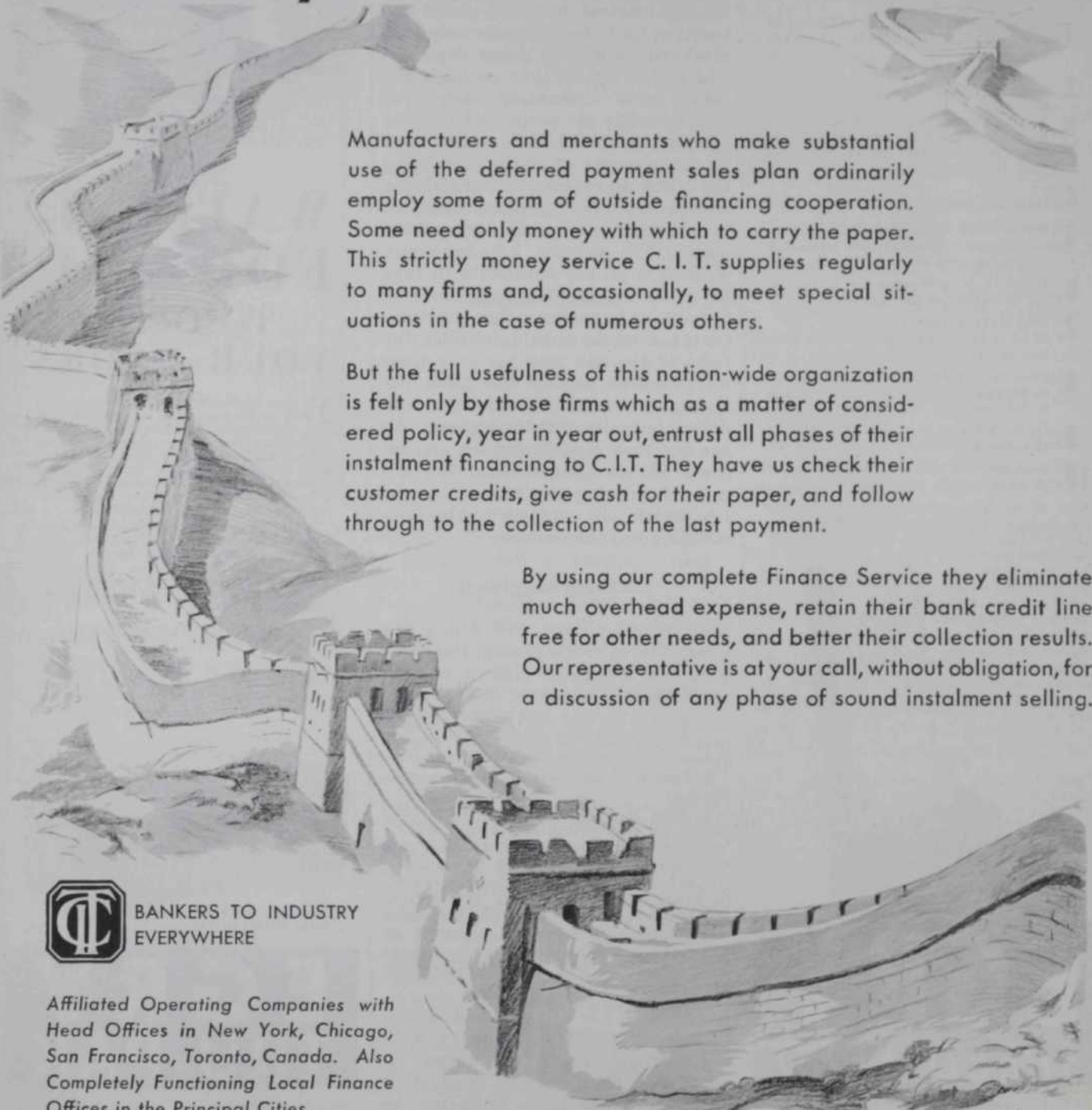
Kind of Business.....

Address.....

City..... State.....

Limited territory available for high type sales agents. Write for details.

Your profit **PROTECTED** by C.I.T. Finance Service



Manufacturers and merchants who make substantial use of the deferred payment sales plan ordinarily employ some form of outside financing cooperation. Some need only money with which to carry the paper. This strictly money service C. I. T. supplies regularly to many firms and, occasionally, to meet special situations in the case of numerous others.

But the full usefulness of this nation-wide organization is felt only by those firms which as a matter of considered policy, year in year out, entrust all phases of their instalment financing to C.I.T. They have us check their customer credits, give cash for their paper, and follow through to the collection of the last payment.

By using our complete Finance Service they eliminate much overhead expense, retain their bank credit line free for other needs, and better their collection results. Our representative is at your call, without obligation, for a discussion of any phase of sound instalment selling.



**BANKERS TO INDUSTRY
EVERYWHERE**

*Affiliated Operating Companies with
Head Offices in New York, Chicago,
San Francisco, Toronto, Canada. Also
Completely Functioning Local Finance
Offices in the Principal Cities.*

COMMERCIAL INVESTMENT TRUST INCORPORATED

Executive Offices: One Park Ave., New York

Unit of COMMERCIAL INVESTMENT TRUST CORPORATION—CAPITAL AND SURPLUS OVER \$70,000,000

What Bankers and Investors Discuss

WE NO sooner get a thing fixed in our mind than some one appears to tell us that what we have believed is exactly wrong.

If there is any one thing we thought was certain, it was that the banks are extraordinarily "liquid." We glanced at bank statements and saw large holdings of cash and government securities in relation to deposits. If that is not liquid, what is?

Now H. Parker Willis says in the columns of the *Financial Chronicle*:

There has probably never been a time when our banks were worse 'frozen' than they are today.

Mr. Willis argues this way: the banks have enormous amounts of government securities—about 8½ billions in March of this year as against a low of less than 4 billions in October, 1929.

The ability of the Government to meet its maturing obligations is dependent entirely upon its capacity to induce fresh borrowers to come forward with further contributions of funds.

In Mr. Willis' opinion, this can't go on indefinitely. To quote again:

And when such issues obviously exceed current incomes they will lose value and eventually collapse as has been the case with all such structures of unsound finance since banking was first initiated.

But Mr. Willis seems to weaken his argument by adding:

When that time comes the banks may still be able to obtain from Reserve banks (so long as the supply of print paper lasts) the same kind of money which they are obligated to pay to their customers and may thus continue to be perfectly solvent.

Mr. Willis seems to tell us in one breath that the banks are worse "frozen" than ever but may continue to be perfectly solvent. Is solvency to be measured by the sort of money the borrower repays?

How good is Uncle Sam's credit?

ANOTHER statement which we have come to accept as gospel is that the credit of the Government is A 1. Proof? Look at the way in which its issues are oversubscribed at startlingly low rates of interest. Said a banking iconoclast:

But how do we know that the Government's credit is good? How can we say that they can borrow money cheaply when there is no competition?

Suppose there should develop a real

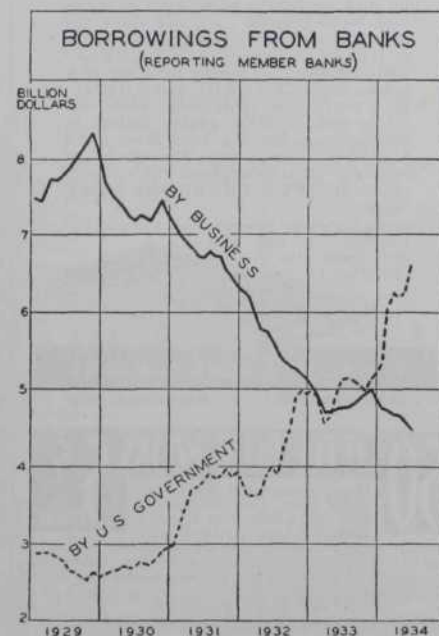
demand for money from industry and the banks found plenty of opportunities to lend money in the open market; what would the Government have to pay for money then? I certainly don't know and I doubt if any one does, but we should at least have a better measure of government credit than we have now.

Or, look at it this way: Suppose there should be a change in the tide of business, that a rapid recovery should take place with the result that the banks wanted to dispose of a large part of their holdings of governments to the investing public. What sort of price would they bring? Again I'm not going to answer my own question, but I do think we have not at the moment anything like an accurate knowledge of what government credit is really like.

Government is a big borrower

WHATEVER may be felt about the future of government securities or whatever the dispute may be as to the state of the Government's credit, there can be no doubt that the Government is pretty well monopolizing the banks' activities and that business men and bankers are gravely concerned over the situation. This chart which we borrow from Leonard Ayres' Cleveland Trust Company *Bulletin* tells the story.

Government borrowings were at a low and business borrowings at a high at the end of 1929. Then the one fell and the former rose until they crossed early in 1933. For awhile towards the end of that year business borrowings increased and government borrowings decreased until it looked for a time as if they might again cross. So far this year they



have constantly moved apart. If those lines had crossed toward the end of last year, if business borrowings had moved on up and government borrowings had steadily dropped, what might not have happened? Some future historian of our finance and business may mark that year as the most important in the history of the United States.

American and English taxes

FEDERAL Relief Administrator Hopkins has been throwing out gloomy hints about the future of taxation in this country. The American people, he says, don't know what it is to be taxed. The inference is that they will have to learn and that the learning will be painful.

When taxation is talked of, all eyes turn to Great Britain. There, we are told, is a country that knows what it is to be taxed, that has really suffered in the cause of a balanced budget. And Great Britain has been taxed and taxed heavily. No doubt about that. But most of the talk about the suffering Britisher centers on the income tax. We are told that the Englishman with \$5000 a year salary must pay \$750 of it in income tax. We are told, on the authority of Hore Belisha, financial secretary to the British Treasury, that the Englishman pays \$80 a head in taxation and the American only about \$25. But we are not always reminded that the latter are only federal and that state and municipal taxes make up a great part of the American burden.

If we lump all taxes in the two countries for the nearest comparable time we get this comparison:

	Taxes	Per Capita
Great Britain	\$4,366,000,000	\$95.95
United States	9,100,000,000	71.94

The Britisher is hit harder than the American but not so much harder as most of us have thought. And if we look at the way the two countries are going we find this:

	Taxes as percentage of National Income	
	United States	Great Britain
1929	10.9	21.9
1934	21.5	24.7

Taxes in this country are mounting and there is no sign of a drop. The heavily taxed Britisher got a reduction in his income tax this year. Will the American taxpayer? He will not! He will probably get an increase.

Savings OF 300,000 INVESTORS Threatened

THE investments of thousands of ordinary working people are threatened, and national recovery is impeded by oppression of the utilities. There are more than 300,000 individual security-holders in the Associated Gas & Electric System, distributed over every state of the Union and thirty-three other countries.

45,000 Associated investors are manual laborers.

39,000 have supervisory positions, or are proprietors of small businesses.

26,000 earn their living

through teaching or other professional services.

32,000 are clerks, bookkeepers, agents or salesmen.

107,000 are women—most of whom are housewives.

The Associated Gas and Electric Company Plan of Rearrangement of Debt Capitalization is designed to protect the interests of these security-holders.

Associated Gas & Electric System

61 BROADWAY, NEW YORK



★ AN AUTOMOBILE parts manufacturing concern now located in Northern Ohio having a monthly payroll of close to \$15,000 and employing approximately 100 people continuously is desirous of moving to a smaller community with a good labor market and other satisfactory conditions. Chambers of Commerce are invited to investigate this company and submit proposal for consideration. Box 45, Nation's Business, Washington, D. C.

The cost of advertising in NATION'S BUSINESS is surprisingly low!



IT'S TIME TO TAKE INVENTORY OF YOUR LAWN

It's time to check up on those dried up and unsightly bare spots that invite weed-growth . . . and spoil the appearance of your lawn. Particularly is it time to sow SCOTT'S CREEPING BENT . . . a sure cure for sick lawns. SCOTT'S CREEPING BENT, in a short time, will make your turf thick and healthy again, filling in dead places, leaving your lawn more beautiful than ever. Thousands of business men throughout the country plant SCOTT'S CREEPING BENT regularly.

Write for a copy of "BENT LAWNS". It tells you why! There is no obligation.



O.M. SCOTT & SONS COMPANY

3486 MAIN STREET

MARYSVILLE, OHIO

Why America Is America

(Continued from page 20)

to go on with. Nobody knew, nor could know for days, whether any of those records ever would be recovered.

Nobody knew what the bank's losses might amount to due to lost currency, securities, collateral, to say nothing of the contents of safety deposit boxes for which the bank was liable. In such circumstances it was obvious that almost anything might happen if somebody's trigger finger slipped. In front of every employee whose job brought him in contact with customers was a brief instruction sheet. Partly it said:

Keep a cheerful countenance. Smile. If any customer starts an argument, don't argue back. Refer him at once to one of the officers.

The instructions said to cash checks, receive deposits, both savings and commercial, and to pay savings withdrawals, as usual. Tellers were instructed to keep savings withdrawals down to \$50 to \$100 if they could, but when a depositor could demonstrate the need for more, more was paid. The depositor presented his passbook, of course, and also signed a statement attesting that he had at least the amount asked for on deposit.

These simple steps were the tactics Bill Cummings and his crew adopted to show that they had faith in their customers, and that customers might have faith in them.

What were the results?

Business almost as usual

ON THE first day, Monday, there was a healthy crowd in the bank. But it was a normal and orderly crowd, rather curious, lively, wisecracking; and there was no panic, no suggestion of a run.

Very quickly it became apparent that the tellers knew more about customers' accounts than anybody supposed they knew. They surprised themselves even. In dozens of cases they remembered the exact amount of a customer's balance.

For five days the bank went on doing business in this fashion, without a single old record. In that time, 86,000 checks were paid, ranging all the way from \$1.17 or so up to \$150,000. Only 23 items were returned by tellers because of doubt or insufficient identification. When the old books finally became available, as they did at the end of the week, it was found that there was approxi-

On the "Avenue"
where the big parades pass, and near government buildings, shops, and theatres. Write for rates.

The WILLARD HOTEL
"The Residence of Presidents"
Washington, D. C.
H. P. SOMERVILLE, Managing Director

350 LITTLE BLUE BOOKS 5¢ EACH

Great Books—new books—famous books. Over 200,000,000 have been sold. List includes modern fiction, mystery, love, adventure, humor, science, psychology, poetry, history, drama, law, biography, philosophy, and other subjects at only 5¢ per book. Send postcard for free catalogue of bargains. Address:

LITTLE BLUE BOOK CO.
Catalogue Dept., Desk 334, Girard, Kansas

mately \$1,500 in overdrafts. Many a bank has that amount in a single business day and thinks nothing of it. Every overdraft was subsequently redeemed. . . .

It was not until the Friday following the fire that the ruins of the old bank building were cool enough to make it safe to see what might have happened to the vaults. This was a ticklish job.

There was, for one thing, the danger of hold-ups. That could be guarded against. Squad cars invaded the neighborhood like ants.

More serious were physical difficulties. The huge doors were "frozen." There was no outward sign of melting of the vaults themselves, although steel filing cabinets not kept inside had been reduced to metal chunks. There were six separate vaults. Five in one group contained, respectively, (1) the books, (2) important records, (3) safe-keeping boxes, (4) safe deposit boxes, (5) money. The sixth vault, in a different room, was the savings bank vault.

The book vault, located on the north side of the building, was the one that had been least exposed to heat, and it was opened first.

Before attempting to open the door, however, a four-inch hole was drilled through concrete and reinforcing material (it took 8½ hours), and a thermometer thrust inside. Though flames had not reached the inside experts knew that conditions might still be favorable to spontaneous combustion. But when after six days a thermometer was thrust through the four-inch opening into the book vault of the Drovers Banks it registered 72 degrees!

Much manipulation of the door was necessary, but the tumblers finally fell into place and the combination worked. The records were found to be in perfect condition.

Vaults were in good condition

ON THE following day, Saturday, the cash and security vaults were opened. Here, too, the contents were found to be in perfect condition, nothing damaged in any way. On Sunday morning a glad message was read from all the pulpits within reach. Many people had been frantic at what might have happened to the contents of their safe deposit boxes. But every box, every paper, every valuable, was found apparently intact. In one vault a trace of moisture was discovered on the floor. It came not from fire hose, apparently, but from natural condensation following the terrific heat generated within.

Removing the contents to the new location was also a tricky job. Cum-

New England payrolls tell the STORY



The payroll statistics of New England's key industries tell a story of increased employment and increased earning power. There is no guesswork about payroll statistics. They point to sure consumer markets . . . consumers that you can reach if your distribution machinery in New England is geared to serve them.

Statistics available from the premium returns on compulsory workman's compensation insurance carried by employers under the Massachusetts laws, show substantial increases for 1934 in New England major manufacturing lines . . . shoes and textiles.

New England is ready to go—are you?

To cover this rich market

adequately, location in the territory is extremely helpful. Twenty-nine different industries — over 100 tenants — have found the *Boston Wharf* property an ideal distribution base. This industrial property is situated on the very rim of Boston's business district. Yet — rents, insurance, and other overhead items are surprisingly low.



BOSTON WHARF COMPANY

Industrial Service Department — NBS

BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please send me your 16-page booklet describing the *Boston Wharf* property and its advantages.

Name _____ Position _____

Company and Address _____



Making what's

OUTSIDE

sell more of what's

INSIDE

○ As important to you as color, composition, line, is knowledge of consumers and what will make them buy. Because our Design Staff knows people, products in Canco packages get seen, desired, bought. The Canco viewpoint builds sales wallop into Canco customers' containers.

In buying cans remember: ABILITY to serve you well is as important as the WILL to serve you well.

AMERICAN CAN COMPANY
230 PARK AVENUE NEW YORK

mings turned this over to the Clearing House, the Federal Reserve, an express company, and several Loop banks. Each part of the vaults' contents was checked by representatives of these institutions, and was accompanied by them to the new vaults.

Box-holders were then requested to come and open their boxes, make a first-hand check of the contents, report on the condition, sign a slip if OK. This resulted in one complaint. One. A woman said that a gold watch which had belonged to her father, and which she had kept in her box, would not run. The bank had it fixed for her. Later she came back.

"I'm ashamed of myself," she said. "I told my sister you fixed that watch, and she reminded me it wouldn't run when I put it in the box. I cheated you. . . ."

She told Cummings she was going to have 24 masses read for him.

Some effort was made to get box-holders to transfer their possessions to new boxes in the more up-to-date vault in the new building. Most of them refused. They preferred the fire-tried boxes.

How did the public respond to operation for a week on faith, without records? Perhaps there was no special reason for it, but the fact remains that at the end of the week, savings deposits were up \$200,000; commercial deposits were up \$1,000,000.

Of course Bill Cummings, personally, was pleased. He did say to me, "There's one thing we don't want to overlook."

"Yes?"

"The Lord was awful good to us. . . ."

He was pleased, however, for more than personal reasons. Other bankers too. The country supposedly knew all about the Chicago banking mess. The story was often told, with embroidery.

The city was celebrated as a plague spot where the evil American banker might be seen at his unholy. Bank failures there were hauled out as proof of almost anything that anybody wished to prove.

Only sound banks were left

IN THE holocaust of criticism, essential and cheering facts were overlooked, nearly forgotten. The number of banks that failed was breathtaking for those who desired to go no deeper. At the beginning of 1931 there were about 220 banks in Chicago. Today there are 48. The banks that failed were all outlying banks. Some were absorbed, but most went out by the closed-door route. Chicago, however, feels better with 48 banks than with 220; in the sifting

process the patent-medicine bankers were strained out.

A significant fact came to be understood. Depositors did not lose everything in those closed banks. Far from it. The reduction in deposits in Chicago's outlying banks, before they failed, was tremendous; in the aggregate, these withdrawals amounted to the huge sum of 75 per cent of all deposits. In some banks, withdrawals before the curtain fell amounted to 90 per cent. The bank which once occupied the quarters preempted by Cummings after the fire, normally had deposits of \$15,000,000; these were liquidated down to \$3,700,000 before it closed. This was typical. Other instances were more striking.

Deposits were liquidated

ONLY strong banks can ever withstand withdrawals up to such a point as that. There were about 30 admittedly weak banks in Chicago before the situation came to a head in June, 1931. These went. Their going intensified withdrawals at sound banks, making the closing of many of the latter inevitable, but only after they had liquidated an overwhelming percentage of deposits. Depositors were not 100 per cent losers. They were about 25 per cent losers, all told. And more than 80 per cent of those who did have accounts in the closed banks, had balances of less than \$40. When a bank closed, however, it made a wonderful alibi for many a man and woman—"Can't afford it; my money's tied up in that bank." The loss being, perhaps, \$4.63!

Out of the foggy confusion of malicious or maladroitness talk, facts naturally emerged and in course of time made themselves understood. Halsted Street and all the other long streets in Chicago where bank accounts secretly germinate, decided about their bankers. Then came the fire. It was the severest imaginable test. The result proved that customers were prepared to respond to confidence—with confidence; which is the only rock on which effective banking can stand.

Besides all this, it's a good thing just to have on the record the individual story of Bill Cummings and his banks. That go-and-do-it opening of his on Monday morning is a sample of the high personal initiative that through generations past has built American business. It's the kind of faith and credit confidence, courageous and more than a little venturesome, which must still underlie us and our banking if we mean to continue a progressive and aggressive business nation.



This favorite of many travelers is but one of the 14 countries on President Liners' itinerary

**ROUND
THE
WORLD**
\$833⁵⁰
FIRST CLASS

President Liner world cruises are different from all the others, for our ships sail on regular schedule from New York and California. You can literally write your own ticket, including in it the sidetrips and stopovers that you, personally, want to make. Circle the globe in 85 days, or take up to the two full years your ticket allows.

The famous President Liners sail every week from New York for Havana, the Panama Canal, California and the Orient via Hawaii and the Sunshine Route—thence fortnightly Round the World.

Your travel agent will gladly tell you all about the President Liners and where they go. Ask to see pictures of the roomy outside staterooms and the spacious public rooms.

**DOLLAR
STEAMSHIP LINES**

New York, Chicago, San Francisco,
Los Angeles and other
principal cities



Conserve Business Time!

AIR EXPRESS (2000 miles overnight) can eliminate all waste of business time on most deliveries. Save what time is worth. Use and specify air speed.

San Francisco-Chicago...
13½ hrs.—\$4.74 (for 5 lbs.);
Los Angeles-New York...
20½ hrs.—\$5.50; Chicago-New York... 4 hrs. 55 min.—\$2.14.

One express receipt covers Nation-wide Air, Air-Rail Service over United's multi-motor passenger-express planes. Prepaid, Coll. or C. O. D.

AIR EXPRESS

Flown on

UNITED AIR LINES

For pickups, rates, information phone Air Express Div., Railway Express Agency or any United Air Lines office

how to reduce



problems & costs

34 years experience in the manufacture of wooden box nailing machinery for the fruit, vegetable, oil, cannery and general merchandise field, is available to you—to help solve your shipping container, crate, and box problems.

Just send the coupon attached to your letterhead—giving facts necessary for our engineering department to make a proper study—offer recommendations by mail—or arrange to have our nearest representative call. There's no obligation.

PARKER machine works

3001 TWELFTH ST
RIVERSIDE, CALIF

I'm interested in your proposition—facts relating to our problem are attached.

Signed _____
executive capacity

THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Where Will the Flood of Business Go?

GEORGE H. HOUSTON, President of the Baldwin Locomotive Works, said recently that all the locomotive plants in the country would need to operate on full time for fifteen or twenty years to catch up on normal replacements. Locomotives are just one item of railroad equipment on which similar conditions apply.

A survey made in May among business executives indicated that 57% of all passenger cars then in use, even by this above-average group, were purchased before 1932.

Thousands of manufacturing plants are nursing along present production with obsolete or outworn equipment. Many of these plants have torn down their older machines to get spare parts for better ones—they have no excess capacity of usable machines on hand. There must be replacements just as soon as orders come in fast enough to put pressure on present production schedules.

House construction, modernization, repairs, painting, all are at least four years behind normal.

And every month now a slowly gaining increase of business piles up against the dam. New potential business is rapidly being built up at the headwaters. When the dam is opened, where will the flood of business go?

It will, naturally, spread all over the country, but the greatest volume will flow to those firms who have cut channels in the public consciousness. I doubt whether in this generation there will ever again be such a promising opportunity for makers of capital goods.

Advertising should thus be directed not only at immediate orders but also toward this great accumulated potential. Those firms who have weathered the past stormy years have a golden chance to establish a new leadership through publicity in goodwill, in leadership—in unusual business growth.

OSCAR S. TYSON, President
O. S. Tyson and Company, Inc.

Index of ADVERTISERS

September • 1934

	PAGE
A. P. W. Paper Company.....	9
Addressograph-Multigraph Corp.....	3
Allegheny Steel Company.....	7
Aluminum Company of America.....	34-35
American Brass Company.....	39
American Can Company.....	72
American District Telegraph Co.....	61
American Telephone & Telegraph Company.....	2nd Cov.
Associated Gas & Electric System.....	70
Battle Creek Sanitarium.....	60
Bluebell Importing Corporation.....	57
Boston Wharf Company.....	71
Burroughs Adding Machine Company.....	29-59
Canada Dry Ginger Ale, Inc.....	75
Celotex Company, The.....	65
Chesapeake & Ohio.....	8
Chevrolet Motor Company.....	47
Chicago Tribune.....	76
Commercial Investment Trust, Inc.....	68
Cyclone Fence Company.....	58
Detex Watchlock Corporation.....	42
Dick, A. B., Company.....	14
Dollar Steamship Lines.....	73
Egry Register Company.....	67
Erle Railroad.....	55
Felt & Tarrant Mfg. Co.....	45
Goodrich, B. F., Rubber Co., The.....	41
Goodyear Tire and Rubber Company.....	12
Hartford Fire Insurance Company.....	56
Hartford Steam Boiler Inspection and Insurance Company.....	10
Household Finance Corporation.....	2
International Business Machines Corp.....	51
International Harvester Co.....	4th Cov.
International Nickel Company.....	63
Iron Fireman Manufacturing Company.....	44
John Hancock Mutual Life Insurance Co.....	64
Kimberly-Clark Corporation.....	33-64
La Salle Extension University.....	66
Libbey-Owens-Ford Glass Co.....	6
Little Blue Book Company.....	70
Metropolitan Life Insurance Company.....	31
Multistamp Company.....	54
National Distillers Products Corp.....	3rd Cov.
Northwestern Mutual Life Ins. Co.....	4
Page Fence Association.....	60
Parker Machine Works.....	74
Phoenix Mutual Life Ins. Co.....	1
Postal Life Insurance Co.....	54
Prudential Insurance Company.....	66
Reading Iron Company.....	43
Republic Rubber Company.....	52
Reynolds, R. J., Tobacco Co.....	36
Scott, O. M., & Sons Co.....	70
Standard Accident Insurance Co.....	53
Standard Register Company, The.....	11
United Air Lines.....	74
Willard Hotel.....	70

Grouse and Salmon in the season . . .
and JOHNNIE WALKER all year 'round



There's many a gay shooting-box in Scotland each Autumn—and JOHNNIE WALKER is always the life of the party

LOVE OF SCOTLAND is often a matter of *L*ochs and braes and purple heather moors . . . love of Scotch is invariably a close acquaintance with Johnnie Walker Red Label —“Scotland's most famous whisky.”

For over a century, John Walker & Sons, Ltd., have collaborated with Time to give the world a ripeness, smoothness, and fragrance unique in Scotch whisky. Every drop of Johnnie Walker is delicious proof of the prime barley, the Highland peat, the years of honest aging, and the proud Kilmarnock distilling tradition, “going strong” since 1820. Sip

this rare old Scotch for the first time and you'll vow there's only one Johnnie Walker.

Surely there's no better whisky than Scotch, and no better Scotch than Johnnie Walker. Choose whichever you prefer: The Red Label or the Black Label. Both are genuine Johnnie Walker . . . mellow and venerable and smooth . . . distilled and bottled in Scotland. The Red Label is famed the world over, wherever there is genteel living. The Black Label is slightly higher in price, and *guaranteed more than twelve years old* . . . John Walker & Sons, Ltd., Distillers, Kilmarnock, Ayrshire, Scotland.



BORN 1820 . . . STILL GOING STRONG

JOHNNIE WALKER

By Appointment to
H. M. THE KING



CANADA DRY GINGER ALE, INCORPORATED • SOLE DISTRIBUTOR

This advertisement is not intended to offer this product for sale or delivery in any state or community wherein the advertising, sale or use thereof is unlawful.

WOMAN'S *Desire*



MOTOR CAR MANUFACTURERS keep women in mind when they style their cars. They also keep them in mind when they place their advertising. During the first six months of this year the Tribune printed 37% more passenger car advertising than any other Chicago newspaper.



TO REACH WOMEN with homes to equip and families to outfit Chicago department stores during the first six months of this year placed more linage in the Tribune than in any other Chicago newspaper.

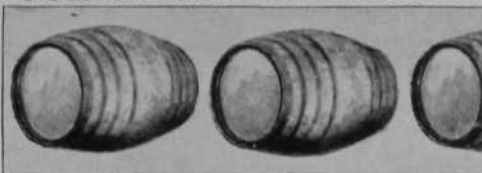


SPECIALTY SHOPS selling women's clothing placed 160% more of their advertising in the Tribune than in any other Chicago newspaper during the first half of this year.

CLOSEST to a woman's heart are home and babies, but these do not constitute her whole sphere of interest. Because the Chicago Tribune in sparkling manner reflects the entire range of the modern woman's interests, it is today the preferred newspaper of the largest audience of women in Chicago and suburbs. Advertising addressed to women in the Tribune pays out better. As a result, merchants and manufacturers with messages to transmit to women place more advertising in the Tribune than in any other Chicago newspaper.

CHICAGO TRIBUNE
THE WORLD'S GREATEST NEWSPAPER

GOING ... GOING ... GONE!



Look what happened to Old Taylor!

A hint to those who want to get their share of the small remaining supply of 16- and 18-year-old pre-prohibition vintage whiskey

UNTIL recently we had several thousand cases of very choice Old Taylor in our bonded warehouses at Louisville.

It was pre-prohibition stock, more than 16 years old.

As this is written, not a case or a bottle of this venerable bourbon do we have to offer. It's simply all gone. And each day's mail shows how many people regret their procrastination.

History, we believe, is about to repeat itself. Our splendid old Mount Vernon rye—ranging in age from 12 to 13 years—is rapidly going the way of the Old Taylor. Certainly our rare remaining pre-prohibition bourbons—Sunny Brook and Old Grand Dad—both 16 to 18 years old—are mov-

ing into private cellars with startling dispatch.

When this diminishing supply of rare old whiskey is exhausted, you will never see any more, as the government requires that whiskey be withdrawn at the end of 8 years from barrels and bottled for purposes of revenue.

Considering their age and character these we are offering are very temptingly priced.

And selling as rapidly as they are, it is our honest conviction that long before the year is out THERE WILL NOT BE A SINGLE BOTTLE LEFT.

So if you want a case or so you had better hurry!



The famous brands OLD GRAND DAD, SUNNY BROOK and MOUNT VERNON make up the greater part of this special limited stock, but also there are small quantities remaining of BOURBON de luxe, OLD McBRAYER, BLACK GOLD, BLUE GRASS and OLD RIPPY

Whiskey so rare as this is really "occasion" whiskey—not for the everyday cocktail or highball, but for the unusual occasion

PRODUCTS OF NATIONAL DISTILLERS



First Shown at the World's Fair in June
Now Ready for the Road:

A new and greater line of
**INTERNATIONAL
TRUCKS**

Latest and finest of trucks... A new high in style and distinction... New values in utility and performance... *A complete new line of Internationals!* The powerful 4- to 5-ton unit below is one of a beautifully streamlined series of trucks that are *all-truck*, embodying new engineering features and new mechanical excellence throughout. Take Harvester's word for it—the quality apparent on the surface is more than matched by the quality underneath. It is the *EXTRA* quality that International Truck owners have banked on for more than thirty years. See these new Internationals. All models, from $\frac{1}{2}$ -ton up, now on display at International branches and dealers. For details, write International Harvester Company of America, Inc., 606 S. Michigan Ave., Chicago, Ill.

